



City of
Mount Gambier

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I hereby give notice that a Special Meeting of Council will be held on:

Date: Tuesday, 27 June 2023

Time: 6:00 p.m.

**Location: Council Chamber
Civic Centre
10 Watson Terrace
Mount Gambier**

AGENDA

Special Council Meeting 27 June 2023

**Sarah Philpott
Chief Executive Officer
23 June 2023**

Order Of Business

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1 ACKNOWLEDGEMENT OF COUNTRY

WE ACKNOWLEDGE THE BOANDIK PEOPLES AS THE TRADITIONAL CUSTODIANS OF THE LAND WHERE WE MEET TODAY. WE RESPECT THEIR SPIRITUAL RELATIONSHIP WITH THE LAND AND RECOGNISE THE DEEP FEELINGS OF ATTACHMENT OUR FIRST NATIONS PEOPLES HAVE WITH THE LAND.

2 APOLOGIES

Nil

3 LEAVE OF ABSENCE

Nil



4 COUNCIL REPORTS

4.1 ADOPTION OF 2023/2024 ANNUAL BUSINESS PLAN, BUDGET AND RATING POLICIES – REPORT NO. AR23/36267

Committee:	Council
Meeting Date:	27 June 2023
Report No.:	AR23/36267
CM9 Reference:	AF22/378
Author:	Julie Scoggins, Manager Financial Services
Authoriser:	Jane Fetherstonhaugh, General Manager Corporate and Regulatory Services
Summary:	<p>Legislation - Council is required to develop and adopt an Annual Business Plan in accordance with the Local Government Act and Financial Regulations.</p> <p>Operational & Financial Planning Document - the Annual Business Plan is the key annual operational and financial planning document for the City of Mount Gambier Council.</p> <p>Annual Overview - this document describes Council's proposed services, projects, objectives and KPIs for 2022/2023 and includes the rating strategy and draft rating policies and annual budget.</p>
Strategic Plan Reference:	<p>Goal 1: Our People</p> <p>Goal 2: Our Location</p> <p>Goal 3: Our Diverse Economy</p> <p>Goal 4: Our Climate, Natural Resources, Arts, Culture and Heritage</p> <p>Goal 5: Our Commitment</p>

REPORT RECOMMENDATION

1. That Council Report No. AR23/36267 titled 'Adoption of 2023/2024 Annual Business Plan, Budget and Rating Policies' as presented on 27 June 2023 be noted.
2. That Council, having considered the public submissions at the Special Council meeting on 20 June 2023 and the feedback provided at the Special Audit and Risk Committee on 5 June 2023, adopts the 2023/2024 Annual Business Plan and Budget and Rating Policies as attached to Repot No. AR23/36267.
3. That Council authorises the Chief Executive Officer or Delegate to make any necessary changes to the 2023/2024 Annual Business Plan and Budget document arising from this meeting, together with any editorial amendments and finalisation of the document's formatting and graphic design that do not materially alter the integrity of the document.



TYPE OF REPORT

Legislative

BACKGROUND

1. **Legislation** - Section 123 of the Local Government Act 1999 requires Council to have an annual business plan and budget. Further guidance is provided by Sections 6 and 7 of the Local Government (Financial Management) Regulations 2011.
2. **Legislative Changes** - Changes to the Local Government (Financial Management) Regulations 2011 were made effective from January 2022 that defined the following:
 - **Consistent Information** - How rating information should be shown to ensure that all SA Councils present the information included in the Draft Annual Business Plan issued for public consultation and the final version of the document for adoption in a consistent manner; and
 - **General Rates Growth** - Growth is now defined as the growth in the number of rateable properties.
3. **LGA Suggested Template** - To assist councils the Local Government Association (LGA) worked with the South Australian Local Government Finance Managers Group (SALGFMG) and the Revenue Professionals SA (RPSA) to develop some suggested templates to incorporate the required information.
4. **Section 123 Details** - Section 123 of the Local Government Act states that:

Each annual business plan of Council must –

 - (a) *include a summary of the council's long-term objectives (as set out in its strategic management plans); and*
 - (b) *include an outline of— (i) the council's objectives for the financial year; and (ii) the activities that the council intends to undertake to achieve those objectives; and (iii) the measures (financial and non-financial) that the council intends to use to assess the performance of the council against its objectives over the financial year; and*
 - (c) *assess the financial requirements of the council for the financial year and, taking those requirements into account, set out a summary of its proposed operating expenditure, capital expenditure and sources of revenue; and*
 - (d) *set out the rates structure and policies for the financial year; and*
 - (e) *assess the impact of the rates structure and policies on the community based on modelling that has been undertaken or obtained by the council; and*
 - (f) *take into account the council's long-term financial plan and relevant issues relating to the management and development of infrastructure and major assets by the council; and*
 - (g) *address or include any other matter prescribed by the regulations.*
5. **Part 2 (6) of the Local Government (Financial Management) Regulations 2011** - States that the Business Plan must include the following with regards to rates:
 - (1) *Pursuant to section 123(2)(g) of the Act, an annual business plan (including a draft for the purposes of public consultation) must include information with respect to the following additional matters:*
 - (a) *the reason why the council has adopted its valuation method for rating purposes;*
 - (b) *if differential rates are used, the reasons and justifications for the differentiation, and the expected level of revenue to be raised by each differential rate;*
 - (c) *if applicable, the use and level of a fixed charge component of a general rate;*



- (d) *the use and level of any separate rate, service rate or service charge, including the reasons for the rate or charge;*
- (e) *the council's policy on discretionary rebates and remissions, with particular reference to the rebates that will apply for more than 1 financial year and including information on how a rebate is designed to meet the purpose behind the rebate;*
- (ea) *a statement on the total expected revenue from general rates for the financial year compared to the total expected revenue from general rates for the previous financial year as set out in the annual business plan for that previous financial year (excluding rebates and remissions on rates that are not discretionary rebates or remissions);*
- (eb) *a statement on the percentage change in the total expected revenue from general rates for the financial year compared to the total expected revenue from general rates for the previous financial year as set out in the annual business plan for that previous financial year (excluding rebates and remissions on rates that are not discretionary rebates or remissions);*
- (ec) *if relevant, a statement on the average change in the expected rates for the financial year (expressed as a whole number of dollars) for each land use category declared as a permissible differentiating factor compared to the expected rates for each category for the previous financial year as set out in the annual business plan for that previous financial year;*
- (f) *issues concerning equity within the community and the impact of rates across the area;*
- (g) *the application or operation of a minimum amount payable by way of rates (if applicable).*
- (2) *If an annual business plan sets out a growth component in relation to general rates, it may only relate to growth in the number of rateable properties (and must not relate to growth in the value of rateable properties).*

6. **Part 2 (7) of the Local Government (Financial Management) Regulations 2011** - States that the budget must include the following:

Pursuant to section 123(10)(b) of the Act, each budget of a council under the Act must—

- (a) *include budgeted financial statements, which must be presented, other than notes and other explanatory documentation, in a manner consistent with the Model Financial Statements; and*
- (b) *state whether projected operating income is sufficient to meet projected operating expenses for the relevant financial year; and*
- (c) *include a summary of operating and capital investment activities presented in a manner consistent with the note in the Model Financial Statements entitled Uniform Presentation of Finances; and*
- (d) *include estimates with respect to the council's operating surplus ratio, net financial liabilities ratio and asset renewal funding ratio presented in a manner consistent with the note in the Model Financial Statements entitled Financial Indicators*

7. **Annual Business Plan and Budget Process** - The process was outlined to Elected Members as part of the Elected Member induction process in January 2023 that included an overview of the 2023/2024 Annual Business Plan process, the budget information to be provided to Elected Members, and the key milestones and meeting dates.
8. **Annual Business Plan and Budget Development** - The draft Annual Business Plan and Budget was developed in consultation with staff across Council. Staff provided detailed budget requirements for the coming year to deliver services for community and specific projects. This was then reviewed by senior Council staff and Elected Members at workshops held between March and May 2023.



9. **Audit and Risk Committee Engagement** – A workshop was held with Committee members that provided a budget overview detailing the progress to date and the approach taken in February 2023. The key elements of the ABP, LTFFP and IAMPs were also presented at a further workshop on 8 May 2023.
10. **Annual Business Plan and Budget Elected Member Engagement** - Five informal briefings were held with Elected Members during April/May 2023 to brief them on the contents of the budget, LTFFP, IAMPs and provide an understanding of the priorities for the coming year.
11. **Council Endorsement of the Draft Annual Business Plan and Budget** – Council endorsed the Draft 2023/2024 Annual Business Plan and Budget for public consultation at the Council meeting on 23 May 2023.
12. **Special Audit and Risk Committee Meeting** - Was held on 5 June 2023 to review the Draft Annual Business Plan and Budget, the draft Long Term Financial Plan and the draft Asset Management Plans. The following resolution was carried by the Audit and Risk Committee:
 1. *That Audit and Risk Committee Report No. AR23/33287 titled ‘2023/2024 Draft Annual Business Plan and Budget’ as presented on 05 June 2023 be noted.*
 2. *That the Audit and Risk Committee feedback on Council’s Draft 2023/2024 Draft Annual Business Plan and Budget and/or the associated processes and risks, as follows:*
 - *Consideration should be given of the potential implications of Adelaide CPI (March 2023) in its final Annual Business Plan and Budget considerations.*
 - *Note the feedback regarding how to represent the total rate revenue increase.*
 - *Page 11 - update the Capital table to reconcile the Expenditure summary on page 6.*
 - *Consideration should be given to Federal assistance grants and local roads and community infrastructure timing and impact on both the Budget Review 3 2022/2023 and draft 2023/2024 Annual Business Plan and Budget.*
 - *That Council convey to the Valuer-General the Audit and Risk Committee recommendation for the earlier receipt of property valuation data for 2024/2025.**be incorporated with the public consultation feedback to be presented to the Special Council meeting to be held on the 27 June 2023 for consideration of the adoption of the Draft 2023/2024 Annual Business Plan and Budget.*
13. **Special Council Meeting** - A special meeting of the council was held on 20 June 2023 at which members of the public were able to ask questions, and make submissions, in relation to the Annual Business Plan and Budget for a period of at least one hour. Three written submissions were received and two verbal submissions were presented at the meeting. The written and verbal submissions were considered at the meeting with the following resolution:

RESOLUTION 2023/1

Moved: Cr Frank Morello

Seconded: Cr Max Bruins

1. *That Council Report No. AR23/34122 titled ‘2023/2024 Draft Annual Business Plan and Budget - Community Consultation Feedback’ as presented on 20 June 2023 be noted.*
2. *That Council notes the written submissions received on the 2023/2024 Draft Annual Business Plan and Budget.*
3. *That Council thanks the community members for their verbal submissions as presented at the Special Council meeting on 20 June 2023 and notes:*
 - *the importance of regular and clear communication about future plans*
 - *the importance of our tourism assets and maintaining those unique natural assets*



- *reflecting there will be a range of views in our community*
 - *additional information in regards to our rating notices*
4. *That the Chief Executive Officer be authorised to make minor textual changes to the 2023/2024 Draft Annual Business Plan and Budget to correct typos and errors of fact and to update the Mayoral Message if required in consultation with the Mayor.*

14. **Summary of the changes to the Annual Business Plan and Budget Document** - a summary of the changes to the draft document issued to the community for the purposes of public consultation are as follows:

- **A message from the CEO** - Additional information (excluding WSC) was included as included as shown below:

The average residential ratepayer will pay \$1,223 in 2023/2024 which equates to an overall increase of \$56.*

- **Rating Information** – the numbers and references to draft rates information included in the rating strategy section and elsewhere in the draft document (previously shown in red) have been updated to reflect the latest valuations as provided by the Office of the Valuer-General and the latest view of the number of rateable properties.
- **Minor Administrative Changes** - Additional commentary has been added and minor changes have been made further to Audit and Risk Committee feedback.
- **Loan Borrowings and Debt Capacity** - Information has been included further to a question without notice raised at the Council meeting on 20 June 2023.

PROPOSAL

1. **Strategic Management Plans** - Council's Annual Business Plan and Budget was formulated within the guiding principles detailed in its suite of Strategic Management Plans, including the City of Mount Gambier Strategic Plan 2020-2024, Asset Management Plans and Long-Term Financial Plan. The Strategic documents were reviewed at the same time to ensure alignment and are intended to be reviewed together annually in future years.
2. **Service Levels to the Community** - Council's annual operating program was developed to ensure maintenance of the current level of all existing services to the whole community. It should be noted that this Annual Business Plan does not include the provision of new services with the exception of the Wulanda Recreation and Convention Centre.
3. **Structure of The Annual Business Plan document** - The document includes the following:
 - **Significant Influences** - An overview of the environment in which the Annual Business Plan and Budget was developed i.e. the external influences including the political environment, public health and wellbeing and tourism.
 - **Highlights** - An overview of proposed key outcomes for the coming year.
 - **Key Assumptions** - Provides an overview of key assumptions and principles applied in building the budget.
 - **Capital Expenditure** - Provides an overview of the capital works program with definitions for the different categories of projects supported by additional project information to provide clarity for the community (including project descriptions to provide more detail to aid in understanding the expected outcomes from the projects and a view of grants anticipated and the net cost to Council (i.e. after grants/contributions)).
 - **Financial Overview** - Is a summary of the operating budget.



- **Financial Targets** - Shows how the 2022/2023 budget key financial indicators compare to targets (based on a 3 year average).
- **Our Goals** - Provides an overview of the key Annual Business Plan and Budget information included in the document aligned to the headings of the four strategic plan goals identified in the City of Mount Gambier Strategic Plan 2020-2024 being: Our People; Our Location; Our Economy; and Our Climate, Natural Resources, Art, Culture and Heritage. Each strategic plan goal includes the following information:
 - **Strategic Plan Objectives** - Key objectives from the City of Mount Gambier Strategic Plan 2020-2024 to which the Annual Business Plan and Budget are aligned.
 - **Annual Objectives** - Priority outcomes that Council are planning to achieve in the coming year.
 - **Key Performance Indicators** - Measures that will highlight the expected performance in the delivery of services and annual objectives.
 - **Services** - The list of services that Council will deliver for the community.
 - **Projects** - Project names, a brief description of the project, the gross cost, expected grants/contributions and the net cost to Council (after taking account of the expected contribution).
- **Rating Policy and Rate Rebate Policy** - Both draft rating policies are included in the Annual Business Plan and Budget document rather than as a separate report to ensure that the document is aligned with regulations.

4. Financial Overview:

Summary	Key Measure	Adopted Budget 2023	Budget 2024	Adopted LTFP 2024	Target
Revenue Assumptions	General Rate Increase	4.5%	6.2%	4.5%	4.5%
	Waste Service Charge	4.5%	6.2%	4.5%	4.5%
	Total Rate Revenue Increase	4.5%	6.2%	4.5%	4.5%
Key Financial Indicators	Operating Surplus Ratio	-7.2%	-6.7%	-4.9%	> \$0 by FY 2027
	Net Financial Liabilities	135%	117%	126%	< 100% by FY 2027
	Asset Renewal Funding Ratio	120%	100%	100%	> or = 100%
Operating Expenditure	Operating expenditure (\$'m)	39.6	45.1	40.9	
Capital Expenditure	Asset Renewals (\$'m)	7.4	5.8	7.5	
	New/Upgrade (\$'m)	14.1	3.9	1.0	

- **Total Rate Revenue Increase** - Council has taken the decision to increase rates by more than that included in the previously adopted LTFP to counteract the impact of lower than CPI increases in rates in previous years as well as increases in inflation, interest rates and other significant costs such as utilities. A smoothing approach has been taken to ensure that whilst key ratios are achieved in FY 2027, the required increase has been spread across three years.
- **Inflation** - CPI has been assumed to be 4.2% based on Deloitte Access Economics forecast for FY 2024 as at September 2022 (broadly in line with 4.1% as at March 2023).
- **Operating Deficit** - Council's estimated operating deficit for 2023/2024 is forecast to be (\$2.8m) which is higher than that included in the previously adopted LTFP target of



(\$1.9m). This is mainly as a result of materials, contracts and other expenditure increasing by (\$2.6m) (increased inflation / utility prices), increase in depreciation expected of (\$0.6m) (Wulanda and Caroline) and increase in interest of (\$0.7m) (rate rises and increased expenditure). Income is forecast to increase that will partly offset this increase by \$3.3m with increased rates and landfill charges.

- **Operating Expenditure** - A total of \$45.1m will be spent on operating expenditure including waste management and disposal, development assessment and planning services, library services, community development and events plus the maintenance/depreciation of infrastructure and building assets including roads, footpaths, lighting, stormwater drainage, cemeteries and other council properties. As stated above, this is an increase on the current adopted LTFP.
 - **Renewal Program** - Next year \$5.8m has been allocated to renew assets including Buildings and Structures \$0.7m, Infrastructure \$3.2m and Plant and Equipment \$1.7m.
 - **New/Upgrade** - Next year \$3.9m has been allocated to New/Upgrade including Caroline Landfill \$2.2m, Wulanda \$0.6m, other buildings \$0.4m, and Infrastructure \$0.4m.
 - **Key Financial Indicators** - The key ratios have been compared to the adopted LTFP as shown below:
 - **Operating Deficit Ratio** - The operating deficit ratio is higher than the adopted LTFP (unfavourable variance) mainly due to the increases in operating expenditure (with more detail provided above).
 - **Net Financial Liabilities Ratio** - This is lower than the LTFP target (favourable) mainly due to the increase in revenue detailed above.
 - **Asset Renewal Funding Ratio** - Both the current plan and LTFP target are 100% reflective of updated Asset Management Plan.
5. **Grant Funding** - Notification of Financial Assistance Grants and Local Roads and Community Infrastructure grants late in 2022/2023 have meant that the timing/amount of grants in Budget Review 3 and the 2023/2024 budget will differ what will be reported in the actual financial statements and what will be received next year. As more information is provided to Council, revenue forecasts and if required expenditure forecasts will be updated through the quarterly Budget Review process.
6. **Financial Statements** - Includes the following statements for 2021/22 and 2022/2023:
- Statement of Comprehensive Income;
 - Statement of Financial Position (Balance Sheet);
 - Statement of Changes in Equity;
 - Statement of Cash Flows;
 - Uniform Presentation of Finances; and
 - Financial Indicators.
7. **Net Borrowing** - Council's net borrowing (budget deficit) as shown in the Uniform Presentation of Finances in 2023/2024 is expected to be (\$1.8m). This is a higher borrowing figure than the previously adopted LTFP target mainly due to expenditure increases as detailed above. This indicates the extent to which net financial liabilities of the Council can be met by the Council's total operating revenue. The resulting draft plan outlines Council's objectives and goals in accordance with Council's Strategic Plan and Long-Term Financial Plan maintaining a financial and strategic focus to provide sustainability for residents and ratepayers in the future.
8. **Loan Borrowings and Debt Capacity** - To ensure that Council is able to manage its cash flow adequately, Council has access to borrowings or "borrowing capacity" that means that it is able to pay its bills monthly whilst awaiting the payment of rates quarterly or in some cases



the payment of grant revenue which may arise after the completion of works and associated spend.

In the ABP the year-end borrowings position is \$40.1m as shown in the balance sheet as at 30 June 2024 with an expected debt capacity of \$44.7m to manage the ups and downs of cash flow.

9. **Rating Policy and Rate Rebate Policy** - These two policies have been included in the Annual Business Plan document to ensure alignment with the recent regulatory changes. They identify the framework within which Council must operate and make policy choices. They are included for adoption within the Annual Business Plan and Budget document at this meeting.

LEGAL IMPLICATIONS

As shown in more detail in the background section of this report including Section 123 of the Local Government Act 1999 and Part 2 (6) and (7) of the Local Government (Financial Management) Regulations 2011.

STRATEGIC PLAN

The Annual Business Plan and Budget 2023/2024 is aligned with the City of Mount Gambier Strategic Plan 2020-2024.

COUNCIL POLICY

[R105 Draft Rating Policy 2023/204](#) (included in this agenda item)

[R130 Rates General Matters](#)

[R155 Rate Rebate Policy](#) (included in this agenda item)

[P195 Community Consultation and Engagement Policy](#)

[T150 Treasury Management Policy](#)

[B300 Budget Framework Policy](#)

[P420 Procurement, & Disposal Of Land And Assets](#)

ECONOMIC IMPLICATIONS

The Annual Business Plan and Budget was developed considering the adopted Long-Term Financial Plan 2023-2032 and aligned with the development of the Long Term Financial Plan 2024-2033 and Asset Management Plans 2024-2033 also included in the agenda for this meeting.

ENVIRONMENTAL IMPLICATIONS

The Annual Business Plan and Budget 2023/2024 includes Council's environmental budget for the year, annual objectives and key performance indicators, services and projects aligned with the strategic goals of Our Diverse Economy and Our Climate, Natural Resources, Arts, Culture and Heritage.

SOCIAL IMPLICATIONS

The application of rates is recognised as a system of taxation of residents, and as such, Council strives to the best of its ability to ensure that rates are applied fairly and that the burden is shared equally by those with ability to pay in proportion to their wealth.

Council has and will continue to consider the impact of rates on all sections of the community and those on fixed incomes and with limited financial resources.

CULTURAL IMPLICATIONS

Nil



RESOURCE IMPLICATIONS

The development of the Annual Business Plan and Budget 2023/2024 has been managed within existing staff resources.

The capacity and capability of the organisation to deliver the Annual Business Plan outcomes has been reviewed and confirmed with key stakeholders.

VALUE FOR MONEY

The Annual Business Plan 2023/2024 includes the budget. Procurement of goods and services included in the budget will be aligned with P420 Procurement, & Disposal of Land And Assets Policy.

RISK IMPLICATIONS

The capacity to deliver the Annual Business Plan and Budget has been reviewed by the Executive Leadership Team (ELT) with a particular focus on the delivery of the operating and capital works programs.

EQUALITIES AND DIVERSITY IMPLICATIONS

Annual objectives and KPIs in relation to implementation of these plans have been included in the Annual Business Plan and Budget

ENGAGEMENT AND COMMUNICATION STRATEGY

Community consultation timelines and approach is aligned with that defined in the Local Government Act and Council's Policy P195 Community Consultation and Engagement Policy defines community consultation as being "part of community engagement and means a planned process by which the Council formally invites its constituents and stakeholders to comment about matters upon which Elected members are to deliberate."

Decision to be made	Make recommendations for the Draft Annual Business Plan 2023/2024.
Key factors to be considered in decision	<ul style="list-style-type: none"> • Draft Long Term Financial Plan 2024-2033 • Draft Asset Management Plans 2024-2033 • City of Mount Gambier Strategic Plan 2020-2024 • Local Government Act 1999
Area of community influence	<ul style="list-style-type: none"> • Aspects that are fixed - Legislative factors; • Key areas for community input - The community may make submissions on all sections of the Annual Business Plan.
Method of consultation, informing the community	<p>Copies were available at:</p> <ul style="list-style-type: none"> • The Mount Gambier Library; and • The Customer Service counter. • Have Your Say website <p>A facility was available for the community to ask questions and receive submissions on Council's Have Your Say website during the public consultation period.</p> <p>A Special Council meeting was held on Tuesday 20 June 2023 at 5:00pm to hear feedback from the community.</p>



Feedback to stakeholders/Council	<p>4 written submissions were provided in the council report presented at the Special Council meeting on 20 June 2023.</p> <p>2 verbal submissions were made at the Special Council meeting held on 20 June 2023.</p> <p>The verbal submissions and written submission were considered at the special council meeting and Council resolved actions as detailed in the background.</p> <p>A written response will be provided to all submissions following the special council meeting on 27 June 2023.</p>
Timeframe for Consultation	25 May - 15 June 2023.

IMPLEMENTATION STRATEGY

Following the adoption of the Annual Business Plan and Budget 2023/2024 in June 2023 the following will occur:

- **Budget** - the budget will be formally rolled out across the organisation to all budget holders and will form the basis of financial performance reporting.
- **Annual Objectives and Key Performance Indicators** - Performance against the annual objectives and Key Performance Indicators included in this document will form the basis for quarterly Annual Business Plan Performance reporting that will be brought to Council.

CONCLUSION AND RECOMMENDATION

The Annual Business Plan details Council's intended programs for the 2023/24 financial year including the annual budget and rating policy.

Following adoption by Council the Annual Business Plan document will be updated and published on Council's website based on the decisions of Council.

ATTACHMENTS

1. 2023/2024 Annual Business Plan and Budget [↓](#)



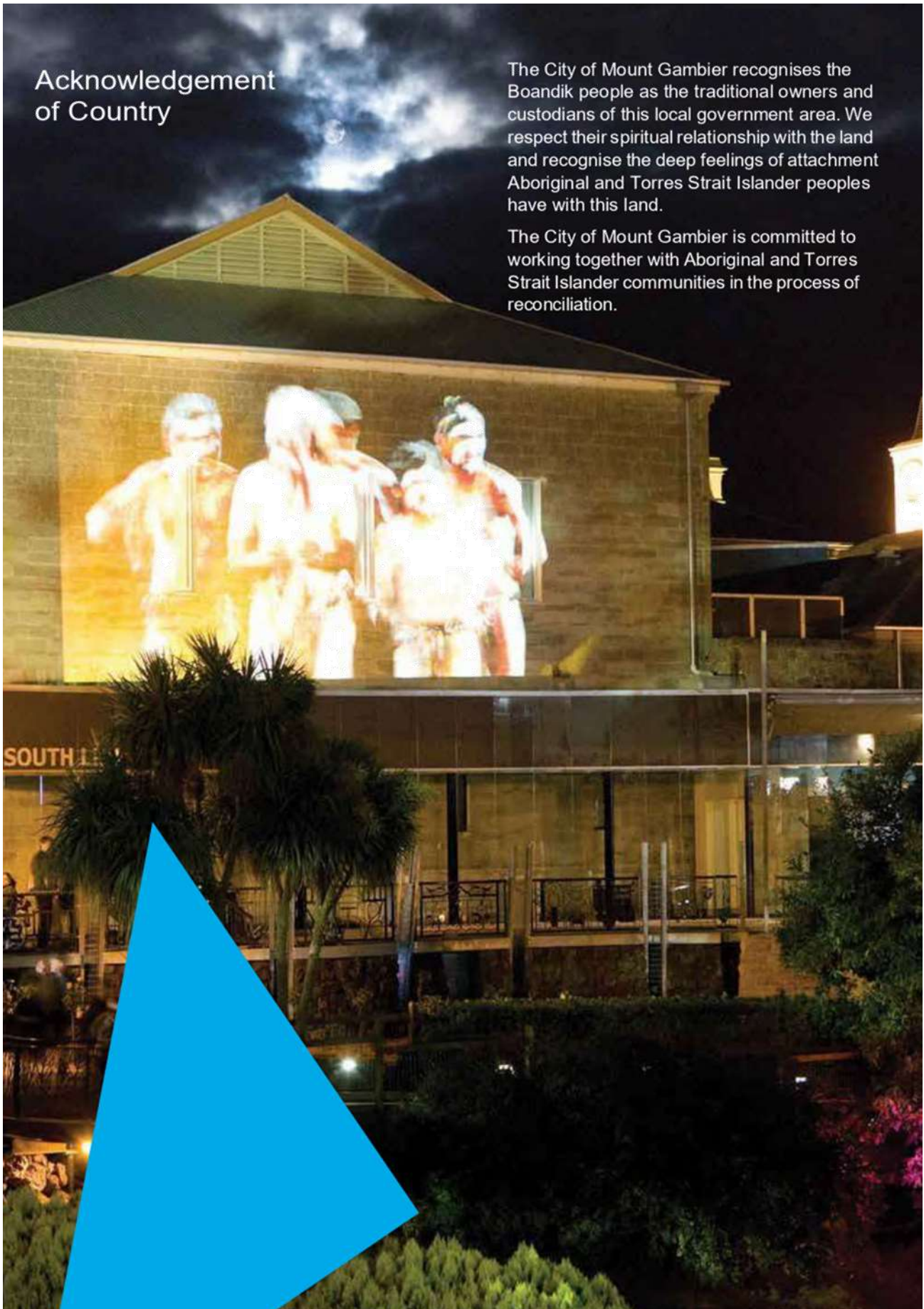


2023-2024 Annual Business Plan and Budget

Acknowledgement of Country

The City of Mount Gambier recognises the Boandik people as the traditional owners and custodians of this local government area. We respect their spiritual relationship with the land and recognise the deep feelings of attachment Aboriginal and Torres Strait Islander peoples have with this land.

The City of Mount Gambier is committed to working together with Aboriginal and Torres Strait Islander communities in the process of reconciliation.





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A message from the Mayor

On behalf of Elected Members, I am pleased to present the City of Mount Gambier Annual Business Plan for the 2023/2024 financial year.

The 2023/2024 Annual Business Plan and Budget outlines the program of work the City of Mount Gambier will undertake as we enter the new financial year.

Council have undertaken careful deliberations to ensure that our priorities are delivered in the context of long term financial sustainability. The Annual Business Plan has been developed in alignment with the Long Term Financial Plan and Asset Management Plan.

In 2020/2021, to assist ratepayers during COVID, Council applied a zero rate increase, and in 2022/2023, rate increases were below CPI. As a consequence of this and relatively high inflation continuing beyond the 2023 financial year, Council has made the difficult decision to increase rates by more than is set out in the current Long Term Financial Plan.

Therefore, Council has taken a smoothing approach to rate revenue increases for the next three years as we recognise the financial pressures residents and businesses are experiencing. We are committed to providing a high level of service to our community whilst remaining financially sustainable by managing expenditure within the ten years of the Long Term Financial Plan to minimise the impact on ratepayers.

Current indications demonstrate that the average rates notice in Mount Gambier will remain below the average in both South Australia and neighbouring council areas.

City of Mount Gambier is proud to provide services, programs and support to the community as an inclusive city where people lead fulfilling lives.

I look forward to working with Elected Members and Council staff as we continue to build the foundations to support our city for growth, both economic and social.

Yours faithfully,

Lynette Martin OAM
MAYOR



A message from the CEO

It is a pleasure to present to you the 2023/2024 Annual Business Plan and Budget for the City of Mount Gambier.

Council's 2023/2024 Business Plan and Budget focuses on building foundations and positioning our city for future growth and opportunities.

The current inflation in Australia has created cost pressures in various areas. This inflation is now affecting our ability to provide services to the expected standard, and all councils across South Australia face similar challenges.

The average residential ratepayer will pay \$1,223* in 2023/2024 which equates to an overall increase of \$56. The average residential rate is below the South Australian average which was \$1,771 for the metropolitan area and \$1,561 for rural areas in 2022/2023 (City of Mount Gambier was \$1,167).

The City of Mount Gambier remains dedicated to offering a wide range of services that benefit our residents every day. We are proud to provide these services and committed to ensuring ongoing sustainability so that services and facilities are provided to a good standard.

Our community now has access to an extraordinary facility, Wulanda Recreation and Convention Centre. Council will continue to focus on providing inclusive community access to a diverse range of recreation, cultural and corporate activities within the state-of-the-art facility.

We have been taking time to evaluate our role as custodians in our natural landscape, with a clear focus on shaping our tourism future and the development of the Crater Lakes Master Plan.

The 2023/2024 Annual Business Plan and Budget also includes continued investment in sport and recreation, local roads and community infrastructure, and waste management.

I look forward to continuing to work together on many projects and initiatives in the coming year.

Yours faithfully,

Sarah Philpott
CHIEF EXECUTIVE OFFICER



* Excluding Waste Service Charge

How the Annual Business Plan and Budget was prepared

PURPOSE

The Annual Business Plan is the key operational and financial document for Council. It sets proposed operational programs and capital projects for 2023/2024 and how we will allocate our budget.

STRATEGIC DIRECTION

The content has been developed after taking into consideration the long-term direction of the Futures Paper, Strategic Plan 2020-2024, The Long Term Financial Plan (10 Year Plan) and the Asset Management Plan (10 years). Maintaining an adequate level of expenditure on existing assets on an annual basis ensures intergenerational equity, that is the burden of costs is met equally by current and future ratepayers.

Strategic priorities were reviewed with the Executive Leadership Team, Management Team and Elected Members to inform timing and deliverables for 2023/24. Many of the strategic priorities will be resourced using current budget and staff allocations. Some of these projects may be delivered over multiple years while others impact only 2023/24.

RATING

A review of rating strategy was undertaken, benchmarking against other South Australian councils and developing different scenarios for rates in 2023/2024 and beyond.

These scenarios were reviewed with Council's Executive Team and Elected Members at budget workshops with the approach to smooth the required rate increase over three years.

OPERATIONS BUDGET BUILD APPROACH

The Annual Business Plan 2023/2024 adopted a 'bottom up' budget approach where meetings were held with budget holders to examine their costs, which required managers to justify expenditure and provide assumptions for revenue.

ELECTED MEMBER REVIEW

A number of workshops were held with Elected members to develop this budget and discuss priorities within the draft plan during April 2023.

Significant Influences

In the development of the Annual Business Plan we have undertaken a review of our internal environment and broader external environment that includes social, environmental, economic and planning elements. This review identifies key issues that help provide the context for the development of this plan.

PUBLIC HEALTH AND WELLBEING

The COVID-19 pandemic has driven global changes. In South Australia, there are still ongoing ramifications that will continue to affect the local community and economy.

Council's focus will be on vigilance and rapid response when appropriate.

Over the last three years Council has seen the impact of COVID-19 on the availability and cost of materials and resources to support its capital works program. If this trend continues it may mean that additional contingency may be required to fund the program included in this Annual Business Plan and Budget.

LOCAL ECONOMY

With a diverse and stable economic base, the Mount Gambier region is one of the most significant contributors to the South Australian economy in both export, local income and tourism. Key industries that contribute to the city and regional economy are:

- Softwood timber industry,
- Education,
- Visitor economy,
- Health services,
- Agribusiness, and
- Transport and logistics.

Significant Influences

A focus for growth is the visitor economy, a diverse and wide-reaching sector that impacts broadly across service and product groups. The growth of this sector impacts on business opportunities from hospitality, to growing existing products and services and providing exciting new opportunities. This sector strongly links to the agribusiness sector, with farm experiences increasingly sought after by international visitors.

Transport and logistics are key employers in Mount Gambier. The city is one hour from Portland's major deep sea port and ensures that Mount Gambier remains a key transport hub. The transport sector remains strong, with growing demand, particularly in the city's forestry sector.

LEGISLATIVE REFORM

There are two significant legislative changes which will impact on Local Government - The new Planning, Development and Infrastructure Act (PDI Act) and changes to the Local Government Act. These changes will have significant impact on our community and council operations. It is essential Council continues to plan for these changes and work with the State Government to influence legislative reform and its implementation.

TOURISM SECTOR

A cross-government approach to the development of access to Mount Gambier's natural attractions has been advocated. This would include scoping, master planning and the facilitation of approvals to consider infrastructure development and marketing.

DEVELOPMENT

Over the next year, the State Planning Commission will be working with regional councils across the state in the development of Regional Plans. These Regional Plans will identify and guide land use and infrastructure requirements, and the City of Mount Gambier will provide information and strategic direction towards the Limestone Coast Regional Plan.

The Regional Assessment Panel developed in the last financial year amongst a number of councils in the region will continue which will result in some changes to processes for development.

POLITICAL ENVIRONMENT

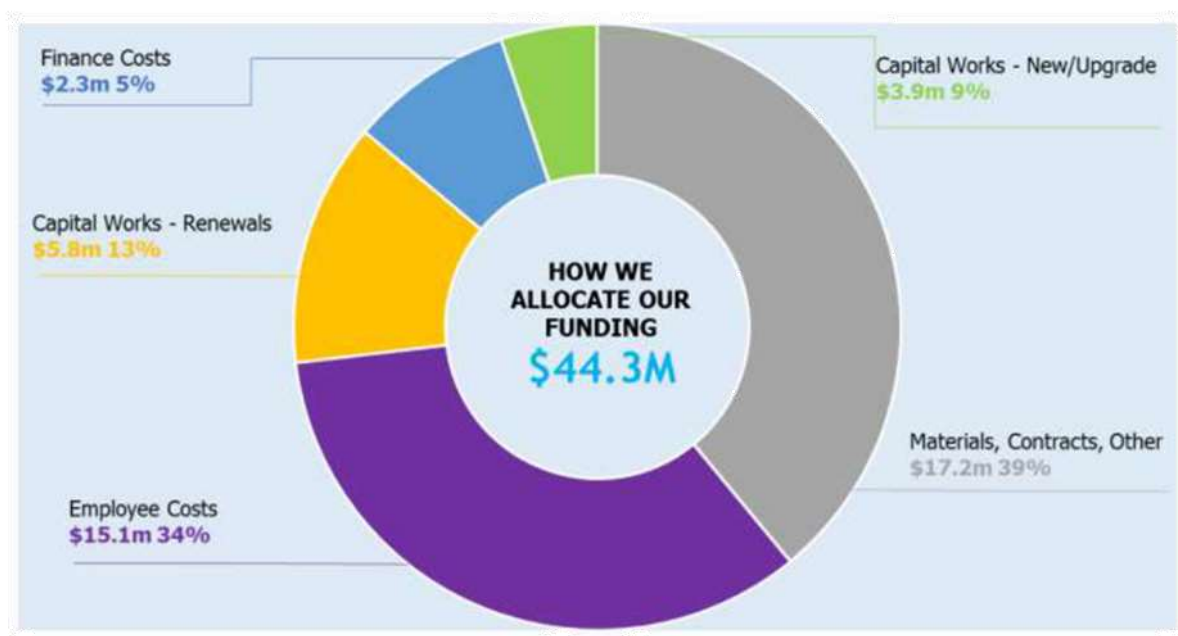
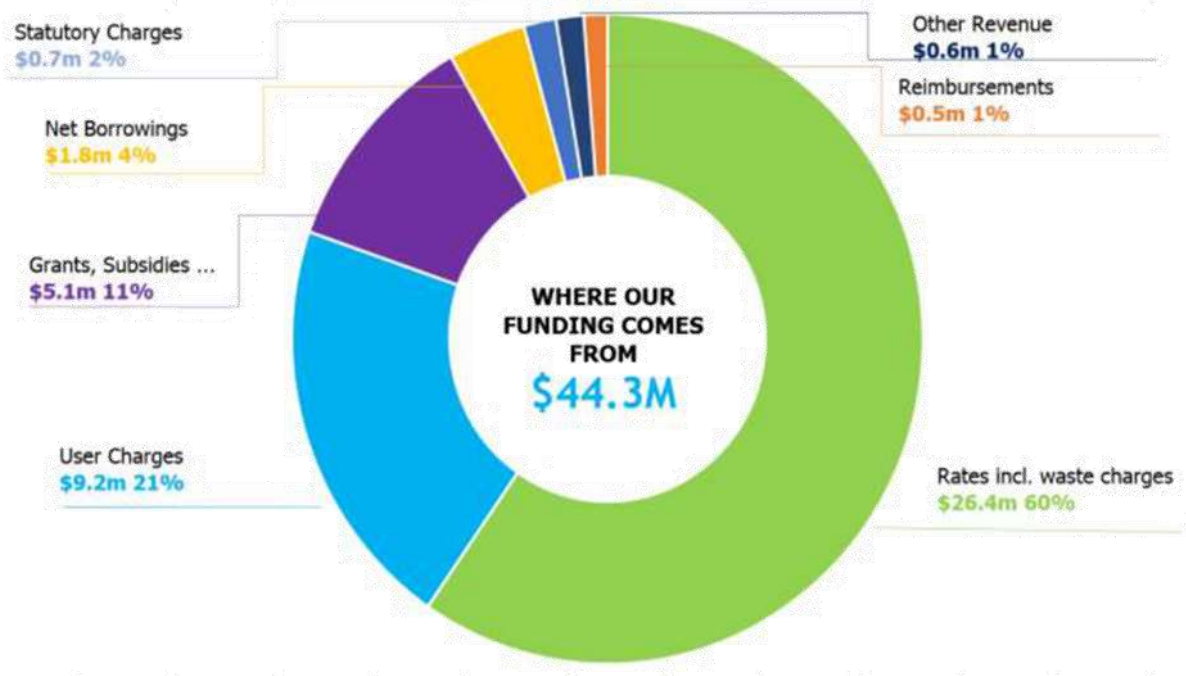
State and federal governments will continue to have an impact on the political environment in which Council operates. This may also influence the grants and partnering opportunities available to the local government sector.

GLOBAL ECONOMY

COVID 19 and other economic events have had a significant impact on the Australian, South Australian and ultimately the local economy. This has impacted the following:

- Inflation - The cost of goods and services and in particular the cost of capital projects and utilities,
- Interest rates - Council has structured its debt to minimise the impact of fluctuations in interest rates. However, 11 increases over the last 12 months have increased finance costs.

Funding and Expenditure Summary



Council

AREA
33.88
SQUARE
KILOMETRES

STAFF FTE
144

POPULATION
27,771

TOTAL RATES
REVENUE
INCREASE
6.2%

ROADS
SEALED ROADS
230.13
KILOMETRES
UNSEALED ROADS
1.33
KILOMETRES

ECONOMIC
PROFILE
GROSS REGIONAL PRODUCT
\$1,464M
LARGEST SECTOR:
CONSTRUCTION



Strategic Context

Hierarchy of Documents - Brings together the key planning documents to ensure that the vision, goals and objectives set by the Futures Paper are implemented in the Long Term Financial Plan, Asset Management Plan, Strategic Plan, and Annual Business Plan.

The Annual Business Plan guides and is guided by other key strategic management documents as shown below:



The Futures Paper outlines strategies for action at the individual, organisation and community level that will enable the community to achieve their collective aspirations.

Long Term Financial Plan (10 years) (LTFP) - shows the financial impact of the implementation of the Strategic Plan over the next 10 years and incorporates key assumptions from the Strategic Plan and Asset Management Plan. The LTFP is reviewed by Council on an annual basis.

Asset Management Plan (10 years) - identifies the required future expenditure on infrastructure and funding required to maintain service levels. It is aligned with the LTFP.

Strategic Plan (4 years) - represents the vision, aspirations and priorities of our community now and into the future. The Strategic Plan is informed by the Futures Paper and identifies the outcomes Council seeks to achieve and the strategies that will put in place to get there.

Annual Business Plan (1 year) - Each year, Council develops an Annual Business Plan guided by Council's strategic financial framework which sets strategic directions over the medium and long term and converts these into annual actions and outcomes. This shows the outcomes Council expects to achieve in the year and the services, key measures of success and the budget required to deliver these outcomes.

Highlights

With finite resources, pressures to deliver more and changes in consumer's expectations of Council's services, there is a growing need for Council to deliver services tailored to demand.

This Annual Business Plan will focus on maintaining service standards efficiently.

Highlights for the year ahead include:

WULANDA RECREATION AND CONVENTION CENTRE

Continue to operate and activate the Wulanda Recreation and Convention Centre facility. This will increase the ability for Mount Gambier to host major sporting competitions, conferences, events and performances providing significant social and economic benefits.

LOCAL ROADS AND COMMUNITY INFRASTRUCTURE (LRCI)

Council will utilise the funding provided by the Phase 4(a) program to design the Frew Park amenities design in 2023/2024 with a view to construct the building in the following financial year.

SPORT, RECREATION AND OPEN SPACE STRATEGY

To continue to provide quality, well-planned spaces and guide the future direction of open spaces and facilities in Mount Gambier, Council will prioritise the projects outlined in the adopted Sport, Recreation and Open Space Strategy to inform an implementation plan for 2023/2024 and beyond.

CRATER LAKES ACTIVATION

To enable Council to capitalise on the Crater Lakes precinct, Council will use the guiding principles outlined in the Crater Lakes Activation Plan (once adopted) to inform future projects for 2023 / 2024 and beyond.

WASTE MANAGEMENT STRATEGY

Council will develop a holistic strategy and plan that supports the targets and outcomes of South Australia's Waste Strategy 2020-2025, with a key emphasis on initiatives that reduce avoidable waste to landfill to zero by 2030. The strategy will investigate circular economy opportunities, regional and cross border waste management capacity and needs, land use and zoning requirements for the future and application of relevant agency policies and legislation.

RECONCILIATION ACTION PLAN

Council's current Reconciliation Action Plan, Yerkalalpata, expired in 2022 and requires review to inform Council's work to support reconciliation for a further two years. Council will continue to focus on strengthening positive relationships, acknowledging and respecting Aboriginal and Torres Strait Islander cultures, and providing opportunities to ensure that our First Nations peoples have the same life opportunities as other Australians.

ORGANISATIONAL IMPROVEMENTS

We will progress work on a number of key organisational initiatives including:

- Elector Representation Review;
- Strategic and Operational Risk Management;
- Iservices Strategy;
- Strategic Planning and Reporting Framework;
- Work Health Safety & Wellbeing Culture;
- Media and Communications Strategy;
- Leadership Capability Framework; and
- Business Process Improvement.



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Key Assumptions

RATES

The general rate provides benefits to the whole community and ensures social, economic and environmental sustainability. The number of rateable properties in 2023/2024 is 14,632 with estimated assessment growth of 0.67% and an average increase in rates for existing properties of 5.53% equalling a total increase of 6.2% in general rate revenue.

INFLATION

Inflation has been applied to revenue (with the exception of rates) based on forecast Adelaide CPI as at September 2022 where appropriate as provided by Deloitte Access Economics.

Inflation has also been applied to expenditure based on contractual agreements i.e. contract terms for other expenditure where appropriate.

Actual Adelaide CPI as confirmed by the Australian Bureau of Statistics for the March Quarter 2023 was 7.9%, which is higher than the budget assumption and the latest Deloitte Access Economics forecast for 2023/2024 of 4.1%.

It should be noted that significant increases have been experienced for goods and services purchased by Council in particular utilities and capital projects.

Strategies will be developed to mitigate additional pressures should inflation be higher than assumed in the budget.

USER PAYS PRINCIPLE

Benefits that are provided to a distinct group of the community will, wherever practicable be charged directly to the recipient of that benefit.

CURRENT SERVICE LEVELS

Council's annual operating program was developed to ensure maintenance of the current level of existing services to the whole community.

KEY FINANCIAL INDICATORS (KFIs)

The following Key Financial Indicators are deemed by the Local Government sector to be the best indicators for determining financial sustainability:

- Operating surplus / (deficit) ratio;
- Net financial liabilities ratio; and
- Asset renewal funding ratio.

FINANCIAL ASSISTANCE GRANTS

The timing of the payment of the Financial Assistance Grants has fluctuated recent years.

The BR3 forecast for 2022/2023 and the budget assume 50% of the following year's allocation will be paid in each year. In June Council were advised that 100% of the following year's allocation would be paid in 2022/2023. No advice has been provided with regard to the payment in 2023/2024 and as such no changes have been made. Any changes will be updated as part of the quarterly Budget Review process.

LRCI GRANTS

The 2023/2024 budget includes Phase 4(a), but not Phase 4(b). Projects will be identified for Phase 4(b) with grant revenue and associated costs to be recognised through the Budget Review process.

Capital

It is essential that Council manages and maintains its assets responsibly, to maximise the value and the services the community derives from them.

The annual capital works program is informed by:

- a. Elected Members and community input
- b. City of Mount Gambier Strategic Plan 2020-2024
- c. The suite of Asset Management Plan (e.g. roads, footpaths), and
- d. The Long Term Financial Plan.

The capital projects budget identifies the amount of money that Council will invest in its long term physical assets and includes two categories:

RENEWALS

Renewals refers to the amount of money that Council will spend in maintaining and replacing its existing asset base.

This category would include such projects as road resurfacing and line marking, street and footway lighting.

NEW CAPITAL/UPGRADE

The amount of money Council will invest in new assets can either be the upgrade of existing assets or the creation of new assets.

The below table provides an indication of what Council will spend to maintain its infrastructure and is based on Council's Asset Management Plan.

\$'k	Renewals	New/ Upgrade	Total
Buildings and Structures	1,320	460	1,780
Caroline Landfill		2,200	2,200
Infrastructure	3,200	374	3,574
IT	30	30	60
Other	90	179	269
Plant and Equipment	1,742	40	1,782
TOTAL	6,382	3,283	9,665

Capital Expenditure

BUILDINGS AND STRUCTURES

Project Name	Project Description	Gross Expenditure \$'000s	Grant Contribution \$'000s	Net Expenditure \$'000s
Building Design Projects	Design for renewal projects to be delivered in 2024/2025.	50	-	50
Works Depot Automatic Gates and Traffic Management (Building Renewal Programs)	Installation of Automatic Roller gates to create access through swipe/card system from McDonnell Drive, Installation of Backyard Roller Gates to create automatic access from White Avenue.	70	-	70
Carinya mowing strips	Concrete mowing strips at the Carinya Cemetery.	15		15
City of Mount Gambier Works Depot amenities renovation	Continuation of the refurbishment of amenities (toilet/shower block/lunch areas).	100	-	100
Energy efficiency program	Projects that support Council's decision to deliver projects annually.	50	-	50
Frew Park Amenities	Design for the renewal/upgrade of existing Frew Park Amenities (toilets, seating, pergola areas) funded by LRCI Phase 4 Commonwealth grant funding.	50	(50)	-
Library storage unit	Construction of a purpose-built storage unit to be established to host library materials, resources and equipment.	95	-	95
Old Mount Gambier Gaol	Continuation of the renewal of walls, roofing and doors.	330	-	330
Railway Lands Nature Play	Design and construction of a nature play area in the Railway Lands with 50% private funding (received in prior year).	300	(150)	150
Building Renewals	Allocation for additional renewals.	100	-	100
Wulanda	Final stage of retractable seating and professional fees	620		620
TOTAL		1,780	(200)	1,580

CAROLINE LANDFILL

Project Name	Project Description	Gross Expenditure \$'000s	Grant Contribution \$'000s	Net Expenditure \$'000s
Construction of Cell 4A	Continuation of the construction of a cell at the Caroline Landfill facility.	2,200		2,200
TOTAL		2,200	-	2,200



INFRASTRUCTURE

Project Name	Project Description	Gross Expenditure \$'000s	Grant Contribution \$'000s	Net Expenditure \$'000s
Car park renewals	Depot car park renewal.	40	-	40
New footpaths	New footpaths that will address high priority items from the CBD accessibility audit.	54	-	54
O'Hallaran Terrace PLEC remediation	Construction of O'Hallaran Terrace remediation works following PLEC works.	320	-	320
Footpath reseals	Including works on the following: Wehl Street South - Helen Street to Commercial Street West, Shepherdson Road - Coutts Street to Bertha Street, and Elliott Drive - Davison Drive to End Section.	50	-	50
Road reconstruction	Including: Bertha Street - Edward Street to Commercial Street West, O'Halloran Terrace - Power Street to Bay Road, Shelley Crescent - Shelley Crescent Mid to Shelley Crescent East.	2,127	-	2,127
Roads to Recovery	Road widening for Wireless Road East - Kennedy Avenue to Attamurra Road.	436	(436)	0
Road reseals program	The resealing of the sealed roads network.	482	-	482
Stormwater drainage renewals	Including grates and lid replacement and side entry pit replacement (Shepherdson Road and Boandik Terrace).	65	-	65
TOTAL		3,574	(436)	3,138

IT

Project Name	Project Description	Gross Expenditure \$'000s	Grant Contribution \$'000s	Net Expenditure \$'000s
IT renewals	Replacement of current IT infrastructure assets - annual program.	30	-	30
Caroline Landfill WiFi	install Wi-Fi extension at Caroline Landfill to provide effective device communication across the entire site.	30	-	30
TOTAL		60		60



Capital Expenditure

OTHER

Project Name	Project Description	Gross Expenditure \$'000s	Grant Contribution \$'000s	Net Expenditure \$'000s
Trees	Priority focus is the bushfire rehabilitation and revegetation of the affected Crater Lakes area	80		80
Christmas Decorations	Renewal of Christmas decorations	20		20
Waste bins	Purchase of waste bins.	70		70
Beacon art project	Design and construction of beacon art project.	99		99
TOTAL		269		269

PLANT AND EQUIPMENT

Project Name	Project Description	Gross Expenditure \$'000s	Grant Contribution \$'000s	Net Expenditure \$'000s
Minor plant	Purchase of new minor plant items as per Asset Management Plan allocation.	40		40
2 Wheel Drive Utility Vehicles	Purchase of 3 vehicles	99		99
Garbage compactors	Purchase of two replacement garbage compactors.	863		863
Water truck	Purchase of replacement water truck.	165		165
Mowers	Purchase of 3 mowers.	392		392
Tip trucks	Purchase of 2 tip trucks	223		223
TOTAL		1,782		1,782



Financial Overview

GENERAL RATE INCREASE

The proposed general rate increase will result in a 6.2% increase in general rates revenue (including assessment growth).

OPERATING DEFICIT

Budget deficit - Council's estimated operating deficit in 2023/2024 is (\$2.8) million.

LTFP target comparison - The operating deficit is greater than the target set by the Long Term Financial Plan for 2023/2024 as adopted by Council in June 2022 of (\$1.9) million. The increase has been driven by inflationary pressures in materials, contracts and other (materials, services and utilities), which has been partly offset by additional rates revenue and landfill charges.

Organisational requirements - Operating in a deficit environment means that we will need to ensure that we have strong financial controls in place and that public value is maximised.

Future planning - A number of service reviews are planned to take place in 2023/2024 so that Council efficiently delivers both core and non-core services efficiently.

LOAN BORROWINGS AND DEBT CAPACITY

To ensure that Council is able to manage cash flow adequately, it has access to borrowings or "borrowing capacity" that means that Council is able to pay its bills monthly whilst awaiting the payment of rates quarterly or in some cases the payment of grant revenue which may arise after the completion of works and associated spend.

In the budget the year-end borrowings position is \$40.1m as shown in the balance sheet as at 30 June 2024 with an expected debt capacity of \$44.7m to manage the ups and downs of cash flow.

SERVICE PROVISION

A total of \$45.1 million will be spent on operating expenditure including waste management and disposal, development assessment and planning services, the library, community development, events and depreciation of assets, plus maintenance of infrastructure assets including roads, footpaths, lighting, storm water drainage, street trees, sporting facilities, open space, cemeteries and other council properties.

RISKS TO THE BUDGET

It should be noted that there are a number of risks that have not been considered in this year's Annual Business Plan and Budget as their impact at this time is unknown:

- **Infrastructure Condition Audit and Valuation** - The valuation for this category of assets is due as at 30 June 2023 which will have an impact on the future capital works program and depreciation.
- **Buildings Condition Audit Valuation** - The valuation is scheduled at this stage to be undertaken as at 1 July 2023 which is also expected to have an impact on depreciation and the valuation of the capital works program. The condition audits will be undertaken over two years that will inform the future maintenance and renewals program for this significant asset class.
- **Ongoing Inflationary Pressures** - Inflation is based on current forecasts. Any further increases will put additional pressure on the budget.



Financial Targets

OPERATING SURPLUS RATIO

What is the purpose of this ratio?

This financial indicator is useful in determining if current ratepayers are paying enough to cover products and services provided in each period.

How is this ratio calculated?

Operating surplus before capital revenues as a percentage of total operating revenue.

What is the target?

The target to be achieved by FY2027 is that Council will achieve a positive ratio.



NET FINANCIAL LIABILITIES RATIO

What is the purpose of this ratio?

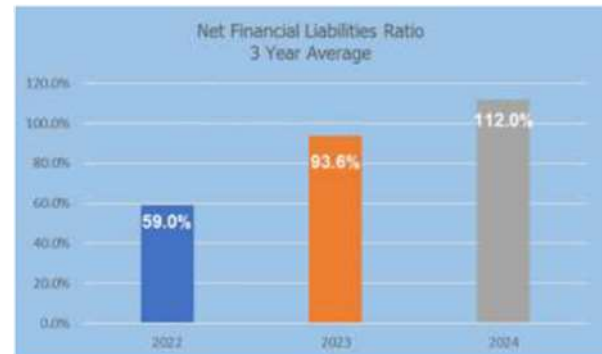
This financial indicator is useful in determining the level of indebtedness that Council has in comparison to its operating revenue.

How is this ratio calculated?

Net financial liabilities as a percentage of total operating revenue.

What is the target?

Council will achieve a net financial liabilities ratio of less than 100% of total operating revenue by FY 2027.



Financial Targets

ASSET RENEWAL FUNDING RATIO

What is the purpose of this ratio?

This financial indicator is useful in determining if Council is maintaining all its assets.

This is best demonstrated by comparing total capital renewal expenditure planned against Asset Management Plan requirements.

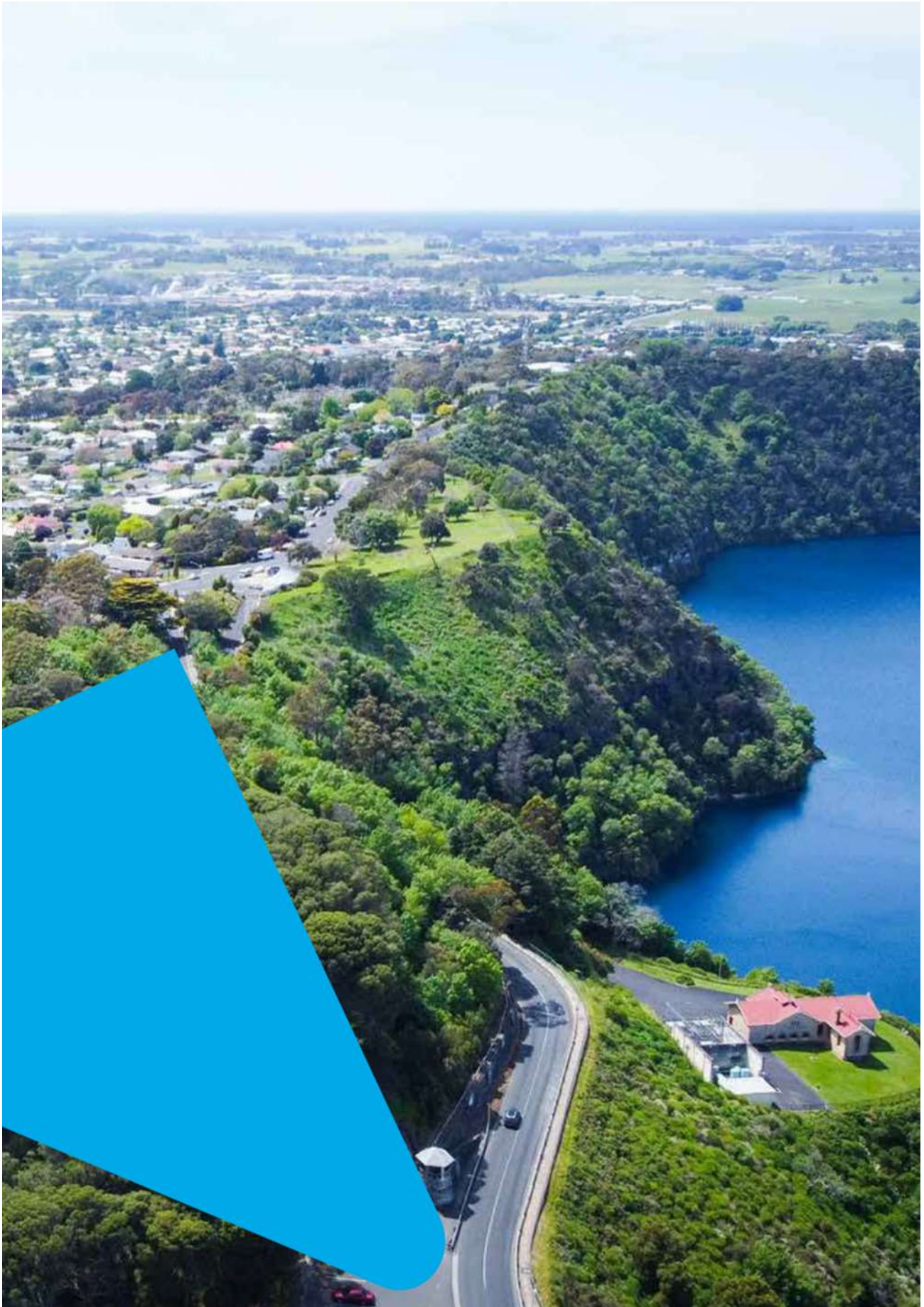
How is this ratio calculated?

Capital expenditure on renewal or replacement of existing assets as a percentage of Asset Management Plan allocations.

What is the target?

Council will maintain an asset renewal funding ratio of greater than or equal to 100% of Asset Management Plan.





Strategic Plan - Our Role and Goals

THE CITY DEVELOPMENT FRAMEWORK PROJECT

The City Development Framework Project involved the establishment of overall strategies for development, incorporating economic, social, environment and community opportunities and aspirations based on four interrelated themes:



1. OUR PEOPLE

How do we ensure a highly skilled and educated population for the future challenges facing our community? A community reflecting good health, connectedness and wellbeing.



2. OUR LOCATION

How do we take advantage of our location and expand our potential as a regional hub? Building on our regional centre for the provision of services, shopping, tourism, cultural, sporting and recreation.



3. OUR DIVERSE ECONOMY

How do we build on and diversify our existing economy? We have existing high quality and skilled industry sectors including fabrication, manufacturing, forest products, agriculture, health and education. We also have emerging opportunities for digital technology and related industries.



4. OUR CLIMATE, NATURAL RESOURCES AND HERITAGE

How do we promote and preserve our climate, natural resources and environment? We have a temperate climate, the Crater Lakes Volcanic Complex incorporating the world renowned Blue Lake, a unique natural environment and enviable natural resources. We also have a remarkable wealth of Indigenous and European heritage.

Outcomes from the City Development Framework Project were incorporated within the Futures Paper which is a guide for the future direction and development of the city based upon the ideas and aspirations of the community.



Goal One: Our People



GOAL 1: Our People

This goal brings together five key themes that affect our people – whether they live, work, study or visit the City of Mount Gambier.

- 18.1 Community based organisations and networks. Our community groups and networks develop and grow to achieve their aspirations.
- 18.2 Community growth. We foster a sense of community by encouraging and supporting participation in community life.
- 18.3 Sense of community. The community grows in real terms at a rate that helps sustain and grow the services available within the City and for the region.
- 18.4 Care for the community. We will develop our service offering to the community to ensure all members have access to required levels of support.
- 18.5 Becoming an 'earning and learning' community. We are driving the development of local career, education and entrepreneurship pathways that build skills to grow the economy, facilitate new businesses, and provide exciting and relevant employment opportunities for all our people as we transition to an 'earning and learning' city.

ANNUAL OBJECTIVES

- Delivery of community programs.
- Development of the Disability Access and Inclusion Plan 2024-2028 and supporting implementation plan.
- Implementation of a Volunteer Management Plan.
- Implementation of a consistent approach to the administration of community grants to ensure transparency and accountability.
- Progressing development of new Reconciliation Action Plan and deliver the initial stage of actions.
- Development of Affordable Housing Strategy in line with other levels of Government.
- Develop a Dog and Cat Management Plan aligned with legislation.

KEY PERFORMANCE INDICATORS

- Delivery of Disability Access and Inclusion plan and supporting implementation plan by June 2024. Delivery of grants program outlining tranches and requirements.
- Delivery of grants program outlining tranches and requirements.
- Delivery of Reconciliation Plan actions defined for 2023/2024.
- Adoption of Dog and Cat Management Plan by 31 December 2023.

SERVICES

- Cemetery services and maintenance,
- Community facilities management,
- Public health and safety,
- Volunteer management,
- Community support programs,
- Library services,
- Community development activities,
- Strategic planning,
- Inspectorial services, including parking and animal management,
- Community engagement and social inclusion,
- Youth development and programming



GOAL 1: Our People

PROJECTS

Project Name	Project Description	Gross Expenditure \$'000s	Grant Contribution \$'000s	Net Expenditure \$'000s
Carinya mowing strips	Concrete mowing strips.	15	-	15
City of Mount Gambier Works Depot amenities renovation	Renovate existing amenities to ensure compliance.	100	-	100
Library storage unit	A purpose-built storage unit to be established to host library materials, resources and equipment.	95	-	95
TOTAL		210	-	210

Goal Two: Our Location



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GOAL 2: Our Location

Mount Gambier is ideally located between both Adelaide and Melbourne, allowing the city to tap into markets in both South Australia and Victoria.

22.1 Infrastructure development and managing our current assets. We will commence work on meeting the community's aspirations for future infrastructure development, whilst managing our existing infrastructure and assets in a manner that demonstrates the pride we take in our environment.

22.2 Regional collaboration. Significant planning work has been done by the City of Mount Gambier, Limestone Coast councils and Regional Development Australia (Limestone Coast). Councils within the region are keen to collaborate on a number of initiatives including land use planning, infrastructure, waste management, recycling and tourism.

22.3 The Crater Lakes Precinct and other areas of tourism potential. We will work with the community to investigate options that enable the Council to capitalise on the Crater Lakes Precinct and other areas of tourism potential.

22.4 Recognition of our indoor and outdoor sporting assets and our adventurous opportunities. We will work on capitalising on the delivery of the Community and Recreation Hub to highlight the opportunities for sporting and other community events in Mount Gambier and we will seek to leverage the adventure sports market through support to potential providers to develop activities, effective marketing and working with our partners to raise the profile of our city and region.

22.5 Focusing on activation, revitalisation and placemaking in our CBD. We will look to create opportunity in our CBD for all year-round activation through effective placemaking and place shaping, making it a vibrant, cohesive and safe place.

ANNUAL OBJECTIVES

- Deliver the capital works program.
- Phased delivery of maintenance plans identified for FY 2024.
- Develop the asset management planning approach and implement in 2023/24.
- Undertake a review of Council's property and land assets to understand risks and opportunities to Council's financial sustainability.
- Support State Government in the development of the Regional Plan.
- Progress discussions with State Government on former rail lands adjacent to Hastings Cunningham Reserve.
- Finalise Blue Lake Sports Park Masterplan and seek opportunities for grant funding or other options to progress the masterplan outcomes.

KEY PERFORMANCE INDICATORS

- Deliver 85% of all infrastructure projects within the capital works program on time, within scope and within budget.
- Have maintenance programs that have been designed and are ready to be implemented across respective teams by the end of June 2024.
- Delivery of draft Asset Management Plan and forward works program by December 2023.
- Complete property and land assets review by 30 June 2024.



GOAL 2: Our Location

SERVICES

- Asset (roads etc) infrastructure renewal and maintenance,
- Management and maintenance of infrastructure including roads, footpaths, parks, public open spaces, street lighting and stormwater drainage,
- Street cleaning and rubbish collection,
- Infrastructure planning,
- Infrastructure project delivery.

PROJECTS

Project Name	Project Description	Gross Expenditure \$'000s	Grant Contribution \$'000s	Net Expenditure \$'000s
Building Design Projects	Design for renewal projects to be delivered in 2024/2025	50	-	50
Works Depot Automatic Gates and Traffic Management (Building Renewal Programs)	Installation of Automatic Roller gates to create access through swipe/card system from McDonnell Drive, Installation of Backyard Roller Gates to create automatic access from White Avenue.	70	-	70
Frew Park Amenities	Design for the renewal/upgrade of existing Frew Park Amenities (toilets, seating, pergola areas) funded by LRCI Phase 4 Commonwealth grant funding.	50	(50)	-
Old Mount Gambier Gaol	Renewal of walls, roofing and doors.	330	-	330
Railway Lands Nature Play	Design and construction of a nature play area in the Railway Lands with 50% private funding (received in prior year).	300	(150)	150
Car park renewals	Depot car park renewal.	40	-	40
New footpaths	New footpaths that will address high priority items from the CBD accessibility audit.	54	-	54
O'Hallaran Terrace PLEC remediation	Construction of O'Hallaran Terrace remediation works following PLEC works.	320	-	320



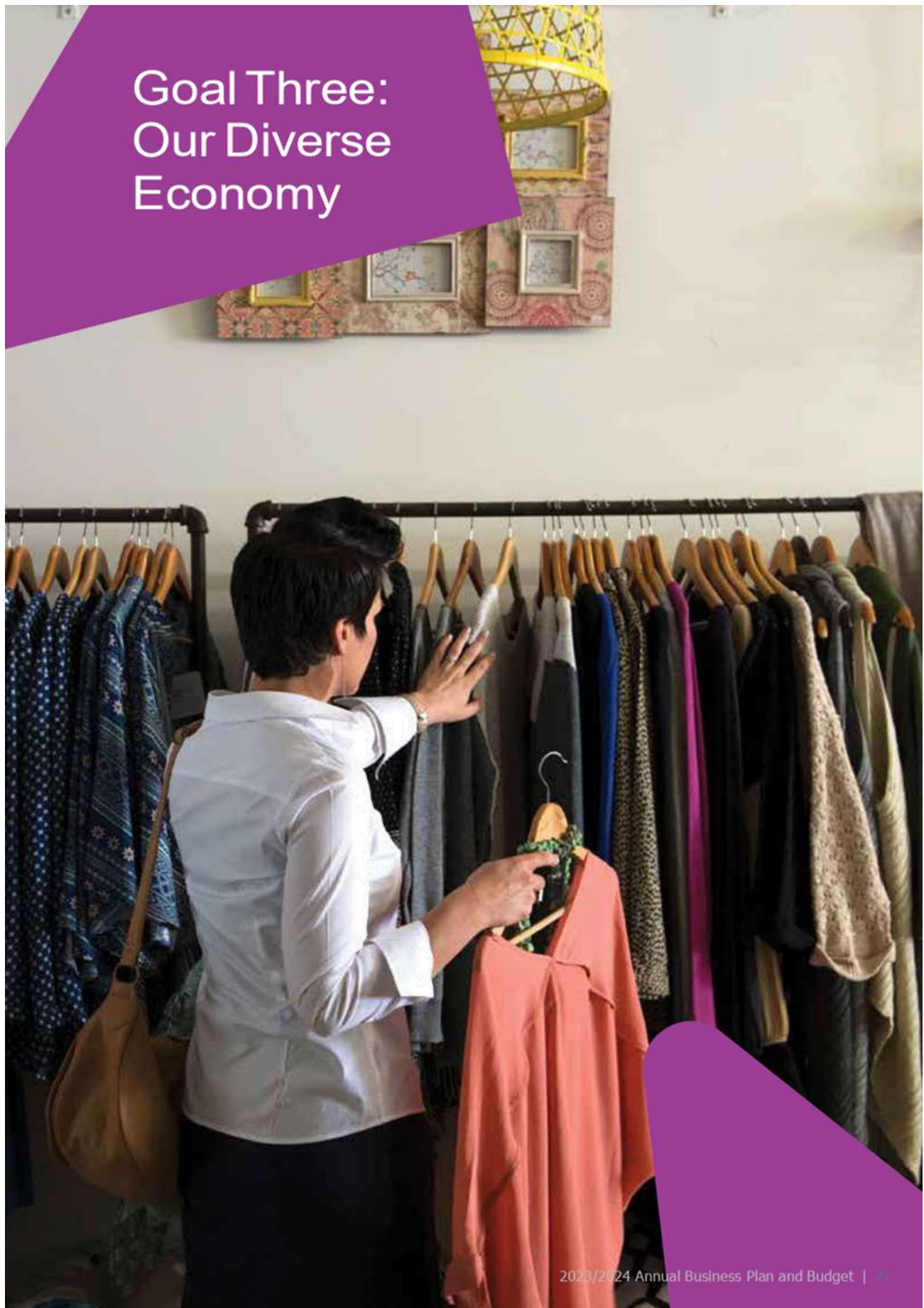
GOAL 2: Our Location

PROJECTS

Project Name	Project Description	Gross Expenditure \$'000s	Grant Contribution \$'000s	Net Expenditure \$'000s
Footpath reseals	Including works on the following: Wehl Street South - Helen Street to Commercial Street West, Shepherdson Road - Coutts Street to Bertha Street, and Elliott Drive - Davison Drive to End Section.	50	-	50
Road reconstruction	Including: Bertha Street - Edward Street to Commercial Street West, O'Halloran Terrace - Power Street to Bay Road, Shelley Crescent - Shelley Crescent Mid to Shelley Crescent East.	2,127	-	2,127
Roads to Recovery	Road widening for Wireless Road East - Kennedy Avenue to Attamurra Road.	436	(436)	-
Road reseals program	The resealing of the sealed roads network.	482	-	482
IT renewals	Replacement of current IT infrastructure assets - annual program.	30	-	30
Minor plant	Purchase of new minor plant items as per Asset Management Plan allocation.	40	-	40
Water truck	Purchase of replacement water truck.	165	-	165
Mowers	Purchase of 3 mowers.	392	-	392
2 Wheel Drive Utility Vehicles	Purchase of 3 vehicles	99	-	99
Tip trucks	Purchase of 2 tip trucks	223	-	223
TOTAL		5,258	(636)	4,622



Goal Three: Our Diverse Economy



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GOAL 3: Our Diverse Economy

A diverse economy provides a greater range of opportunities and helps provide a degree of resilience during economic downturns.

- 3.1 Identity, gateways and support for our businesses. Establish a strong, positive, aspirational identity that includes the message that the city of Mount Gambier is 'open for business'.
- 3.2 Land use planning settings. Planning that provides for future economic and lifestyle changes and continued growth whilst protecting the natural environment.
- 3.3 Appealing and affordable housing for growth. We have appealing and affordable housing appropriate to incomes, aspirations and cultures to attract and retain new residents.
- 3.4 Tourism is contributing to a diverse economy and creating opportunity. Mount Gambier, its surrounding townships and the tourism region are positioned as a unique and desirable activity-based destination for travellers from Adelaide and Melbourne.
- 3.5 Reusing, recycling and waste management. We will work with the community to ensure there is better understanding of the impacts and responsible options available for reuse, recycling and waste management, including investigations as to how the city and region can be more self-sufficient.

ANNUAL OBJECTIVES

- Create a seamless, soft landing website/webpage for investment/attraction (and retention) in Mount Gambier.
- Create a seamless, soft landing website/webpage for Tourism in Mount Gambier.
- Activate and operate the Wulanda Recreation and Convention Centre.
- Development of consultation activities that ensure that the community is engaged.
- To provide professional advice and assistance to Council, colleagues, industry partners and the community in respect to development matters.
- To ensure development is carried out in accordance with relevant legislation, standards and codes to facilitate outcomes.
- To provide professional advice and assistance to Council, colleagues, industry partners and the community in respect to development matters.
- To ensure development is carried out in accordance with relevant legislation, standards and codes to facilitate outcomes.
- Provide community education, awareness and incentive programs to reduce waste.
- Continue sift and sort activities and programs to support the reduction in waste to landfill.
- Development of Waste Management Masterplan.
- Undertake a review of the delivery and location of visitor information services.



GOAL 3: Our Diverse Economy

KEY PERFORMANCE INDICATORS

- Investment attraction website to be designed and delivered by 30 June 2024.
- Review of community engagement policy undertaken by 30 June 2024.
- 90% of development Applications are processed in accordance with statutory time frames as specified within the Planning, Development and Infrastructure Act 2016.
- 90% of building inspections are undertaken in accordance with the Practice Directions.
- Delivery of at least five waste education activities.
- 2% reduction of waste to landfill per capita.
- Delivery of signage strategy by 30 June 2024.

SERVICES

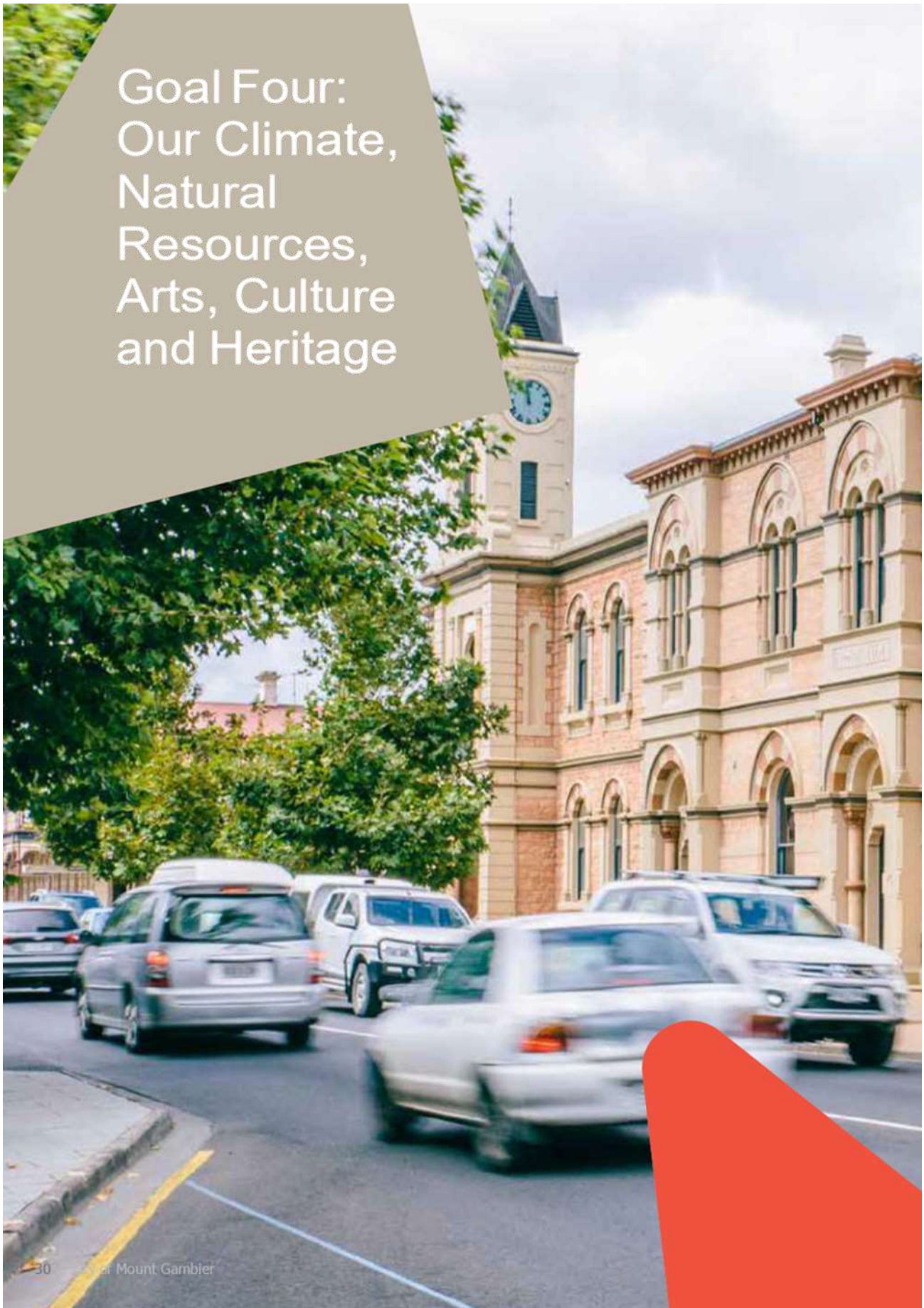
- Event management and sponsorship support,
- Attracting major events to the city,
- Economic development activities,
- Investment attraction,
- Waste and recycling services,
- Tourism attraction and development,
- Visitor Information Centre,
- Free public wifi,
- Development policy planning,
- Development services, and
- Land use and urban planning.

PROJECTS

Project Name	Project Description	Gross Expenditure \$'000s	Grant Contribution \$'000s	Net Expenditure \$'000s
Building Renewals	Allocation for additional renewals.	100	-	100
Construction of Cell 4A	Construction of a cell at the Caroline Landfill facility.	2,200	-	2,200
Caroline WiFi	install Wi-Fi extension at Caroline Landfill to provide effective device communication across the entire site.	30	-	30
Waste bins	Purchase of waste bins.	70	-	70
Garbage compactors	Purchase of two replacement garbage compactors.	863	-	863
Investment, Retention & Attraction	Be a strong (competitive) consideration for living, working, playing & investing by leveraging our liveability proposition to retain and attract investment.	30	-	30
Christmas Decorations	Renewal of Christmas decorations	20	-	20
Wulanda	Final stage of retractable seating and professional fees.	620	-	620
TOTAL		3,933	-	3,933



Goal Four: Our Climate, Natural Resources, Arts, Culture and Heritage



GOAL 4: Our Climate, Natural Resources, Arts, Culture and Heritage

We have an amazing natural and semi-natural environment in our region, which provides the setting for many of our keynote activities.

- 4.1 Natural assets. We are effective at protecting and conserving the high-quality values of our natural environment.
- 4.2 Open Space. We will ensure that future growth is planned in a manner that provides access to, and does not detract from, the community's environmental values.
- 4.3 Planned reduction of our carbon footprint. Council will lead by example in the fields of sustainable development and resource efficiency.
- 4.4 Recreational and cultural pursuits. We will ensure that community members are provided with opportunities for cultural growth and development through provision of innovative services and programs.
- 4.5 A City brought to life with public art. We will ensure that opportunities for public art are created within our city, this means not just spaces for the artwork, but also spaces where creative industries can connect and flourish.

ANNUAL OBJECTIVES

- Deliver a beacon art project and agree the approach for future similar projects.
- Completion of holistic document to guide the activation of the Crater Lakes Precinct and delivery of supporting implementation plan.
- Reduce carbon and other greenhouse gas emissions in capital projects and operational practices.
- Reduce carbon and other greenhouse gas emissions in capital projects and operational practices.
- Establish renewable energy capability on Council facilities.
- Develop the Shared Use Path implementation plan.
- Develop and adopt a prioritised implementation plan (SROSS) to inform Council's actions to deliver, including required masterplans for Council's Open Space assets.

KEY PERFORMANCE INDICATORS

- Increase the percentage of renewable energy used on Council occupied facilities each year.
- Annual increase of 5% in recycled materials being procured for general projects.
- Completion of Shared Use Path implementation plan by June 2024.

SERVICES

- Urban design and open space planning,
- Open space and trails planning and management,
- Arboriculture (tree services),
- Fire prevention,
- Recycled product use,
- Community planting and weed eradication projects,
- Environmental programs,
- Environmental sustainability projects,
- Biodiversity projects,
- Horticulture services,
- Tree planting and revegetation projects,
- Animal management,
- The Riddoch Arts and Cultural Centre and venue hire,
- Recreation facilities provision, and
- Social and recreation planning.



GOAL 4: Our Climate, Natural Resources, Arts, Culture and Heritage

PROJECTS

Project Name	Project Description	Gross Expenditure \$'000s	Grant Contribution \$'000s	Net Expenditure \$'000s
SROSS Masterplan	Commence the development of a masterplan in support of the SROSS strategy (with completion in 2024/25)	50		50
Energy efficiency program	Projects that support the Council decision to deliver projects annually.	50	-	50
Stormwater drainage renewals	Including grates and lid replacement and side entry pit replacement (Shepherdson Road and Boandik Terrace).	65	-	65
Beacon art project	Design and construction.	99	-	99
Trees	Priority focus is the bushfire rehabilitation and revegetation of the affected Crater Lakes area	80		80
TOTAL		344	-	344



Rating Strategy

In 2023/2024 approximately 62% of Council's operating revenue will come from overall rates revenue. As a result, Council's rating policies and strategies are key components of financial planning.

The 2023/2024 Annual Business Plan and Budget includes a 6.2% general rate and waste service charge revenue increase for this year with consistent increases forecast for the following two years as Council smooths the impact of the required increase.

Council plans to raise \$22.169m from general rates (excluding Regional Landscape Levy and service charges).

RATES MODELLING

Methodology

Our rates are determined by multiplying the applicable rate in the dollar by the capital valuation of rateable land in the council area plus a fixed charge (as detailed below).

Valuation methods

Council has the option of adopting one of three valuation methodologies to assess the properties in its area for rating purposes:

- **Capital value** - The value of the land and all improvements on the land;
- **Site value** - The value of the land and any improvements which predominantly affect the amenity of use of the land, such as drainage works, but excluding the value of buildings and other improvements. (Note: Site value will cease to be an option from 1 September 2023); or,
- **Annual value** - A valuation of the rental potential of the property.

Capital value is used as the basis for valuing land within the council area in common with almost all other South Australian councils. This method values the land and all of the improvements on the land. This valuation method is considered the fairest and most efficient method of distributing the rate responsibility across all ratepayers because:

- **Relative wealth** - This is the most appropriate measure of relative wealth in the community;
- **Capacity to pay** - As a measure of wealth, it most closely reflects the property owners' capacity to pay; and
- **Taxation principle** - It equates with the taxation principle that people should contribute to community, social and physical infrastructure in accord with their capacity to pay as measured by property wealth.

Fixed charge

Council has determined that a component of the total rate will be a fixed charge on every rateable property. The fixed charge applies to all ratepayers and continues to raise less than one half of total rate revenue (before rebates and remissions) required for the 2023/2024 financial year.

Rationale for fixed charge

Council's reasons for including a fixed charge component are:

- **Range of services** - To be able to deliver a range of services to the community, Council must maintain a range of internal support, infrastructure and administrative services. No particular group of ratepayers benefit more than any other group of ratepayers by the provision of these services; and
- **Equal contribution** - Council considers it appropriate that all ratepayers contribute equally to the cost of administering Council's services and activities.

Differential general rates

In addition to a fixed charge, Council will declare differential general rates in the dollar according to the use of the land, for rateable land within the council area, as follows:

- **Category 1** - (residential) use;
- **Categories 2, 3 and 4** - (commercial shop, commercial office or commercial other) use;



- **Categories 5 and 6** - (industrial light and industrial other) use;
- **Category 7** - (primary land) use;
- **Category 8** - (vacant land) use; and
- **Category 9** - (other) use.

General amenity

Every resident benefits in some part from the general amenity of the council area. This amenity includes the local economy, general council operations and the ability of every resident to use council facilities and infrastructure including parks, gardens, libraries, etc.

Rationale for differential rates

The main reasons for providing differential rates are:

- Ability to pay;
- Potential income taxation deductions;
- Materially heavier/lighter use of services by ratepayers/employees/customers/suppliers; and,
- Provide a disincentive to withholding land from development.

Summary of the changes to the Annual Business Plan and Budget document

A summary of the changes to the draft document issued to the community for the purposes of public consultation are as follows:

- **A message from the CEO** - Additional information (excluding WSC) was included as included as shown below:

The average residential ratepayer will pay \$1,223 in 2023/2024 which equates to an overall increase of \$56.*

- **Rating Information** - the numbers and references to draft rates information included in the rating strategy section and elsewhere in the draft document (previously shown in red) have been updated to reflect the latest valuations as provided by the Office of the Valuer-General and the latest view of the number of rateable properties.
- **Minor Administrative Changes** - Additional commentary has been added and minor changes have been made further to Audit and Risk Committee feedback.
- **Loan Borrowings and Debt Capacity** - Information has been included further to a question without notice raised at the Council meeting on 20 June 2023.

Rating Strategy

	2022/2023 (as adopted)	2023/2024	Notes	Change
GENERAL RATES REVENUE				
General rates (existing properties)	\$20,873,843	\$22,028,755	(a)	
General rates (new properties)	0	\$139,855	(b)	
General rates (GROSS)	\$20,873,843	\$22,168,610	(c)	6.2%
Less: Mandatory rebates	(\$239,728)	(\$275,000)	(d)	
General rates (NET)	\$20,634,115	\$21,893,610	(e)	6.1%
	(e)=(c)+(d)			
OTHER RATES (incl. service charges)				
Regional Landscape Levy	\$1,240,568	\$1,351,252	(f)	8.9%
Waste collection	\$2,916,585	\$3,097,000	(g)	6.2%
	\$24,791,268	\$26,341,862		
Less: Discretionary rebates	(\$12,745)	(\$14,000)	(l)	
Expected total rates revenue	\$23,537,955	\$24,976,610	(m)	6.1%
	(m)= (e)+(g)+(h)+(i)+(j) +(k)+(l)			

Notes

- (a) **General rates (existing properties)** - In 2023/2024 this will reflect the revenue from properties that existed in 2022/2023. Please note that 2022/2023 has been restated so that year on year numbers are comparable.
- (b) **General rates (new properties)** - In 2023/2024 this will include newly created assessments.
- (c) **General rates (GROSS)** - General rates revenue prior to the application of any rebates, remissions or objections.
- (d) **Mandatory rebates** - Councils are required under the *Local Government Act 1999* to provide a rebate to qualifying properties under a number of categories. The rates which are foregone via mandatory rebates are redistributed across the ratepayer base (i.e. all other ratepayers are subsidising the rates contribution for those properties who receive the rebate). Please refer to R155 Rate Rebate Policy for further details.
- (e) **General rates (NET)** - Presented as required by the *Local Government (Financial Management) Regulations 2011* reg 6(1)(ea). Please note: The percentage figure in (e) relates to the change in the total amount of general rates revenue to be collected from all rateable properties, not from individual rateable properties (i.e. individual rates will not necessarily change by this figure).
- (f) **Regional Landscape Levy** - Councils are required under the *Landscape South Australia Act 2019* to collect the levy on all rateable properties on behalf of the State Government. The levy helps to fund the operations of regional landscape boards who have responsibility for the management of the State's natural resources. Council collects this levy on behalf of State Government and does not retain the revenue nor determine how the revenue is spent.

Rating Strategy

- (g) **Waste collection (Waste Service Charge)** Waste management is one of the largest costs to the community and Council wishes to encourage ratepayers to consider their personal environmental impact and the associated costs. This service charge of \$217.70 is intended to cover costs including bin collection, waste treatment and disposal and maintaining, improving and replacing the service.
- (l) **Discretionary rebates** - A council may grant a rebate of rates or service charges in a number of circumstances. The rates which

are foregone via Discretionary Rebates are redistributed across the ratepayer base (ie. all other ratepayers are subsidising the rates contribution for those properties who receive the rebate). Please refer to R155 Rate Rebate Policy for further details.

- (m) **Expected total rates revenue** - Excludes other charges such as penalties for late payment and legal and other costs recovered. It also excludes a provision for objections.

ESTIMATED GROWTH IN NUMBER OF RATEABLE PROPERTIES

	2022/2023 (as adopted)	2023/2024	Notes	Change
Number of rateable properties	14,534	14,632	(n)	0.7%
	<i>Actual</i>			

Notes

- (n) **"Growth"** - As defined in the *Local Government (Financial Management) Regulations 2011* reg 6(2). "Growth" is defined in the regulations as where new properties have been created which has added rateable properties to Council's ratepayer base. Growth can also increase the need and expenditure related to infrastructure, services and programs which support these properties and residents.

- (o) **Average per rateable property** - Calculated as general rates for a category, including any fixed charge but excluding any separate rates, divided by number of rateable properties within that category in the relevant financial year.



Rating Strategy

ESTIMATED AVERAGE GENERAL RATES PER RATEABLE PROPERTY

Property valuations - Councils use property valuations to calculate each rateable property's contribution to the required rate revenue total.

Rates apportionment - Councils do not automatically receive more money because property values increase but this may alter how rates are apportioned (or divided) across each ratepayer (i.e.. some people may pay more or less rates, this is dependent on the change in value of their property relative to the overall valuation changes across the council area).

Total general rates - The total general rates paid by all rateable properties will equal the amount adopted in the budget.

The estimated 'average' - This is based on the total of all rateable properties and is therefore not necessarily indicative of either the rate or change in rates that individual ratepayers will experience. It should be noted (as above) that Council have not at this stage calculated an estimate of number of rateable properties. At this stage for the calculations below this has been estimated at the same level as 2022/2023.

	2022/2023 (as adopted)	2023/2024	Notes	Change
Average per rateable property	\$1,436	\$1,515	(o)	5.5%
	(o)=(c)/(n)			

** Does not include WSC



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	Total expected revenue			No. of rateable properties		Average per rateable property				Cents in the \$
	2022/23	2023/24	Change	2022/23	2023/24	2022/23	2023/24		Change	2023/24
Land Use (General Rates - GROSS)										
Residential	\$14,893,483	\$15,745,715	6%	12,761	12,872	\$1,167	\$1,223	(p)	\$56	.0019147
Commercial - Shop	\$1,932,140	\$2,011,938	4%	461	466	\$4,191	\$4,317	(p)	\$126	.0051697
Commercial - Office	\$357,548	\$387,021	8%	144	146	\$2,483	\$2,650	(p)	\$167	.0051697
Commercial - Other	\$1,756,900	\$1,927,859	10%	446	457	\$3,939	\$4,218	(p)	\$279	.0051697
Industry - Light	\$315,714	\$350,750	11%	133	137	\$2,374	\$2,560	(p)	\$186	.0051697
Industry - Other	\$772,674	\$829,836	7%	100	98	\$7,727	\$8,467	(p)	\$740	.0051697
Primary Production	\$65,664	\$68,515	4%	38	33	\$1,728	\$2,076	(p)	\$348	.0019147
Vacant Land	\$603,419	\$616,213	2%	387	361	\$1,559	\$1,707	(p)	\$148	.0051697
Other	\$176,027	\$230,763	31%	64	62	\$2,750	\$3,722	(p)	\$972	.0019147
Total Land Use	\$20,873,570	\$22,168,610	6.2%	14,534	14,632	\$1,436	\$1,515	(p)	\$79	

Rating Strategy

EXPECTED DIFFERENTIAL RATES REVENUE

Council uses a differential rating system, using land use codes as the factor to apply such differential rates.

In applying differential general rates, Council has considered and is satisfied that the rating system addresses the issue of consistency and comparability across all council areas, particularly as it relates to the various sectors of the business . . .

Notes

(p) Average per rateable property – This is calculated as general rates for category, including any fixed charge but excluding any separate rates, divided by number of rateable properties within that category in the relevant financial year.



Rating Strategy

FIXED CHARGE

Base amount - A fixed charge ensures all rateable properties pay a base amount to the cost of administering council activities and maintaining the services and infrastructure that supports each property.

Fixed charge allocation - Rates based on values are then applied in addition to the fixed charge. Council is limited to the amount that can be raised by the fixed charge in that it cannot raise more than 50% of its general rate revenue from the fixed charge component. In 2023/2024 Council proposes to raise 37% of its general rate revenue by way of a fixed charge, or 45% including the Waste Service Charge.

This revenue amount is included in the general rates GROSS figure at (c).

	Total expected revenue		
	2022/2023	2023/2024	Change
Fixed charge	\$7,723,232	\$8,272,360	7%

Charge			
2022/2023	2023/2024		Change
\$533	\$567	(q)	\$34

Notes

- (q) Fixed charge - A fixed charge can be levied against the whole of an allotment (including land under a separate lease or licence) and only one fixed charge can be levied against two or more pieces of adjoining land (whether intercepted by a road or not) if they are owned by the same owner and occupied by the same occupier. Refer to the Rating Policy (page 45) for details.



Appendices

Draft 2023/2024 Financial Statements

City of Mount Gambier - Uniform Presentation of Finances Draft Budget 2023/ 2024

2022 Actuals	\$'000s	2023 Adopted Budget	2023 Adopted Budget	BR3 2023	Budget 2024
37,162	Income		36,963	38,256	42,280
35,161	Expenses		39,631	42,238	45,117
2,001	Operating surplus / (deficit)		(2,669)	(3,981)	(2,837)
Net outlays on existing assets					
5,623	Capital expenditure on renewal and replacement of existing assets		7,421	7,219	5,762
(8,479)	Depreciation, amortisation and impairment		(9,209)	(9,928)	(10,467)
(112)	Proceeds from sale of replaced assets		(333)	(159)	(277)
(2,968)	Net outlays on existing assets		(2,121)	(2,868)	(4,982)
Net outlays on new and upgraded assets					
35,134	Capital expenditure on new and upgraded assets <i>(including investments property & real estate developments)</i>		14,079	20,974	3,903
(20,443)	Amounts received specifically for new and upgraded assets Proceeds from sale of surplus assets <i>(including investment property and real estate developments and non-current assets held for resale)</i>		(5,962)	(5,644)	0
14,691	Net outlays on new and upgraded assets		8,117	15,330	3,903
(9,722)	Net lending / (borrowing) for financial year		(8,665)	(16,443)	(1,759)



Appendices

Draft 2023/2024 Financial Statements

City of Mount Gambier - Statement of Comprehensive Income Draft Budget 2023/2024

2022 Actuals	\$'000s	2023 Adopted Budget	BR3 2023	Budget 2024
Income				
23,822	Rates	24,832	24,843	26,416
633	Statutory Charges	575	698	734
5,515	User Charges	6,268	6,373	9,193
6,615	Grants, Subsidies and Contributions	4,728	5,346	5,048
14	Investment Income	0	47	40
65	Reimbursements	65	65	538
498	Other Income	495	883	311
37,162	Total Income	36,963	38,256	42,280
Expenses				
13,090	Employee Costs	14,682	14,637	15,087
13,234	Materials, Contracts & Other Expenses	14,675	16,219	17,288
8,479	Depreciation, Amortisation & Impairment	9,209	9,928	10,467
358	Finance Costs	1,064	1,453	2,275
35,161	Total Expenses	39,631	42,238	45,117
2,001	Operating Surplus / (Deficit)	(2,669)	(3,981)	(2,837)
1,760	Physical Resources Received Free of Charge	0	1,000	1,000
17,940	Amounts Received Specifically for New or Upgraded Assets	6,215	6,045	0
(787)	Asset Disposal & Fair Value Adjustments	0	0	0
20,914	Net Surplus / (Deficit)	3,547	3,063	(1,837)
Other Comprehensive Income				
Amounts which will not be reclassified subsequently to operating result				
0	Changes in Revaluation Surplus - I, PP&E	2,355	2,592	9,662
0	Impairment (Expense) / Recoupments Offset to Asset Revaluation Reserve	0	(932)	0
0	Total Other Comprehensive Income	2,355	1,660	9,662
20,914	Total Comprehensive Income	5,902	4,724	7,824

Appendices

Draft 2023/2024 Financial Statements

City of Mount Gambier - Statement of Financial Position Draft Budget 2023/ 2024

2022 Actuals	\$'000s	2023 Adopted Budget	BR3 2023	Budget 2024
ASSETS				
Current Assets				
250	Cash & Cash Equivalents	500	499	553
2,974	Trade & Other Receivables	1,447	1,624	1,803
64	Inventories	47	59	61
3,288	Total Current Assets	1,994	2,183	2,416
Non-Current Assets				
301,171	Infrastructure, Property, Plant & Equipment	318,117	316,553	327,405
301,171	Total Non-Current Assets	318,117	316,553	327,405
304,459	TOTAL ASSETS	320,111	318,735	329,821
LIABILITIES				
Current Liabilities				
9,331	Trade & Other Payables	4,127	4,419	5,162
1,222	Borrowings	2,930	2,930	1,269
2,784	Provisions	2,981	2,778	2,848
13,337	Total Current Liabilities	10,037	10,127	9,279
Non-Current Liabilities				
22,311	Borrowings	38,003	35,068	38,801
3,507	Provisions	3,842	3,513	3,890
25,818	Total Non-Current Liabilities	41,845	38,581	42,691
39,155	TOTAL LIABILITIES	51,883	48,708	51,970
265,304	Net Assets	268,229	270,027	277,852
EQUITY				
83,080	Accumulated Surplus	89,504	88,828	86,991
180,852	Asset Revaluation Reserves	177,840	179,827	189,489
1,372	Other Reserves	884	1,372	1,372
265,304	Total Equity	268,229	270,027	277,852



Appendices

Draft 2023/2024 Financial Statements

City of Mount Gambier - Statement of Cashflows Draft Budget 2023/2024

2022 Actuals	\$'000s	2023 Adopted Budget	BR3 2023	Budget 2024
Cash Flows from Operating Activities				
Receipts:				
23,829	Rates Receipts	24,802	26,193	26,237
633	Statutory Charges	573	698	734
4,335	User Charges	6,231	6,373	9,193
6,615	Grants, Subsidies and Contributions	5,153	5,346	5,048
14	Investment Receipts	0	47	40
65	Reimbursements	68	65	538
896	Other Revenue	407	883	311
Payments:				
(13,157)	Payments to Employees	(14,664)	(14,637)	(15,087)
(13,852)	Payments for Materials, Contracts & Other Expenses	(14,416)	(15,163)	(17,189)
(136)	Finance Payments	(1,064)	(1,453)	(2,275)
9,242	Net Cash provided (or used in) Operating Activities	7,090	8,353	7,550
Cash Flows from Investing Activities				
Receipts:				
20,443	Amounts Received Specifically for New/Upgraded Assets	5,962	5,644	0
112	Sale of Replaced Assets	333	159	277
Payments:				
(5,623)	Expenditure on Renewal/Replacement of Assets	(7,421)	(7,219)	(5,762)
(35,134)	Expenditure on New/Upgraded Assets	(14,079)	(20,974)	(3,903)
(20,202)	Net Cash provided (or used in) Investing Activities	(15,205)	(22,390)	(9,389)
Cash Flows from Financing Activities				
Receipts:				
9,581	Proceeds from Loans	25,000	15,565	5,002
Payments:				
0	Repayments of Loans	(16,885)	(1,100)	(2,930)
(202)	Repayment of Lease Liabilities	0	(179)	(181)
(62)	Repayment of Bonds & Deposits	0	0	0
9,317	Net Cash Flow provided (used in) Financing Activities	8,115	14,286	1,892
(1,643)	Net Increase/(Decrease) in Cash & Cash Equivalents	(0)	249	53
1,893	plus: Cash & Cash Equivalents - beginning of year	500	250	499
250	Cash & Cash Equivalents - end of the year	500	499	553

Appendices

Draft 2023/2024 Financial Statements

City of Mount Gambier - Statement of Equity Draft Budget 2023/ 2024

2022 Actuals	\$'000s	2023 Adopted Budget	BR3 2023	Budget 2024
242,752	Opening Balance	262,327	265,304	270,027
1,638	Adjustment for prior year corection			
20,914	Net Surplus / (Deficit) for Year	3,547	3,063	(1,837)
	Other Comprehensive Income			
	- Gain (Loss) on Revaluation of I,PP&E	2,355	2,592	9,662
	- Available for Sale Financial Instruments: change in fair value			
	- Impairment (loss) reversal relating to I,PP&E			
	- Impairment (expense) / recoupments offset to asset revaluation reserve		(932)	
	- Share of OCI - Equity Accounted Council Businesses			
	- Other Equity Adjustments - Equity Accounted Council Businesses			
	- Other Movements			
	Other Comprehensive Income	2,355	1,660	9,662
20,914	Total Comprehensive Income	5,902	4,724	7,824
265,304	Equity - Balance at end of the reporting period	268,229	270,027	277,852



Appendices

Draft 2023/2024 Financial Statements

City of Mount Gambier -Key Financial Ratios Draft Budget 2023/2024

2022 Actuals	\$'000s	2023 Adopted Budget	BR3 2023	Budget 2024
5.4%	Operating surplus ratio	-7.2%	-10.4%	-6.7%
	<u>Operating surplus</u> Total operating revenue			
97%	Net financial liabilities ratio	135%	122%	117%
	<u>Net financial liabilities</u> Total operating revenue			
79%	Asset renewal funding ratio	120%	117%	100%
	<u>Expenditure on renewal/replacement of assets</u> Optimal level of such expenditure as per IAMP			



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1. INTRODUCTION

Councils are required to raise revenue for governance, administration and the delivery of goods and services to the community.

Council's major source of revenue is Rates, derived as a tax on land within the Council area. All ratepayers receive benefits from paying rates, but those benefits are consumed in different quantities and types over the life of the ratepayer.

This document sets out the policy of the City of Mount Gambier ("Council") for setting and collecting rates from its community.

2. PURPOSE

Chapter 10 of the *Local Government Act 1999* ("the Act") prescribes Council's powers to raise rates. The Act provides the framework within which the Council must operate, but also leaves room for the Council to make a range of policy choices. This document includes reference to:

- Compulsory features of the rating system.
- The policy choices that the Council has made on how it imposes and administers the collection of rates.

3. SCOPE

Strategic Focus

In determining a suitable Rating Policy, Council has taken into consideration:

- The Council's Strategic Management Plan
- Council's Long Term Financial Plan
- Council's Annual Business Plan and Budget
- Council's Treasury Management and Debt Strategy
- Required funding for future Asset Replacement (Infrastructure and Asset Management Plan)
- The current economic climate of our City and its district
- The specific issues faced by our community
- The impact of general rate increases upon our community, either generally or for specific classes of the community
- The impact of rates on our community and the need to balance our community's capacity to pay with the needs and desires of the wider interests that form our community.

There will continue to be economic pressures applying to the Council in a number of ways that will have an impact on the Council's budget and as a result will place pressure on rates.



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4. POLICY STATEMENT

4.1 Communication of the Policy

Section 123 of the Local Government Act 1999 requires a Council to prepare an Annual Business Plan and Budget. As per Section 123 (2) (d) of the Act, the Annual Business Plan must set out the rates structure and policies for the financial year. A summary of the Annual Business Plan must be included with the first rates notice.

4.2 Method Used to Value Land

Councils may adopt one of three valuation methodologies to value the properties in their areas. They are:

- Capital Value – the value of the land and all the improvements on the land.
- Site Value – the value of the land and any improvements which permanently affect the amenity of use of the land, such as drainage works, but excluding the value of buildings and other improvements.
- Annual Value – a valuation of the rental potential of the property.

The City of Mount Gambier has decided to continue to use Capital Value as the basis for valuing land within the Council area. The Council considers that this method of valuing land provides the fairest method of distributing the rate burden across all ratepayers because property value is considered a reasonable indicator of income and capital value, which closely approximates the market value of a property and provides the best indicator of overall property value.

4.3 Adoption of Valuation

The City of Mount Gambier will adopt the most recent valuations made by the Valuer-General. If a ratepayer is dissatisfied with the valuation made by the Valuer-General then the ratepayer may object to the valuation referred to in the rate notice by writing served personally or by post on the Valuer-General within 60 days after the date of service of the notice, provided they have not:

- previously received a notice or notices under the *Local Government Act 1999* referring to the valuation and informing them of a 60-day objection period, the objection period is 60 days after service of the first such notice; or
- Previously had an objection to the valuation considered by the Valuer-General.

The Valuer-General may extend the 60-day objection period where it be shown there is reasonable cause to do so by a person entitled to make an objection to a valuation.

Objections can be submitted to the Office of the Valuer-General via:

Online: www.valuergeneral.sa.gov.au

Email: OVGObjections@sa.gov.au

Post: GPO Box 1354, Adelaide 5001

Fax: 08 8115 5709

In Person: Land Services SA, Level 9, 101 Grenfell Street, Adelaide

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4.4 Objection to Valuation and/or Land Use

A person may object to a valuation of the Valuer-General by notice in writing, setting out the full and detailed grounds for objection, including any supporting information, and the Valuer-General must consider the objection. If the person then remains dissatisfied with the valuation the person has a right to a review. Applications must be made within 21 days of receipt of the notice of the decision (in relation to the objection) from the Valuer-General. A payment of the prescribed fee for the review to be undertaken together with the review application must be lodged in the State Valuation Office, who will then refer the matter to an independent Valuer. If the person remains dissatisfied with the valuation then they may apply to the South Australian Civil and Administrative Tribunal (SACAT) for a review of the decision.

The address of the Office of the Valuer-General is:

Online: www.valuergeneral.sa.gov.au

Email: OVGObjections@sa.gov.au

Post: GPO Box 1354, Adelaide 5001

Fax: 08 8115 5709

In Person: Land Services SA, Level 9, 101 Grenfell Street, Adelaide

The Council has no role in the valuation review process & the lodgement of an objection does not change the due date for payment of rates.

4.5 Notional Values

Certain properties may be eligible for a notional value under the Valuation of Land Act 1971. This can relate to certain primary production land or where there is State heritage recognition. A notional value is generally less than the capital value and generally results in a reduced rate liability being incurred.

Application by the ratepayer for a notional value must be made to the Office of the Valuer-General.

The address of the Office of the Valuer-General is:

Online: www.valuergeneral.sa.gov.au

Email: OVGObjections@sa.gov.au

Post: GPO Box 1354, Adelaide 5001

Fax: 08 8115 5709

In Person: Land Services SA, Level 9, 101 Grenfell Street, Adelaide

4.6 Business Impact Statement

Current Economic Environment

Council will consider the impact of rates on all businesses in the Council area, including industry, commercial and primary production sections. In considering the impact, Council will assess the following matters:

- Those elements of Council's Strategic Management Plan relating to business development.



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- Relevant economic forecast reports.
- Council's recent development approval trends.
- The operating and capital projects and new programs for the coming year that will principally benefit industry and business development.
- Valuation changes.
- Consumer Price Index (CPI) and Local Government Price Index (LGPI) Movements.

Council recognises the importance of supporting and encouraging a diverse and healthy business sector.

4.7 Council's Revenue Raising Powers

All land within a council area, except for land specifically exempt (e.g. Crown land, Council occupied land and other land prescribed in the Local Government Act – refer Section 147 of the Act), is rateable. The Local Government Act provides for a Council to raise revenue for the broad purposes of the Council through a general rate, which applies to all rateable properties, or through differential general rates, which apply to classes of properties. In addition, Council can raise separate rates, for specific areas of the Council or service rates or charges for specific services. The Council also raises revenue through fees and charges, which are set giving consideration to the cost of the service provided and any equity issues. The list of applicable fees and charges is available at the Mount Gambier Civic Centre, 10 Watson Terrace, Mount Gambier or on our website at www.mountgambier.sa.gov.au. A Goods and Services Tax at a rate determined under the Goods and Services Tax Act 1999 will be charged on those fees not given exemption under the Act.

4.8 Fixed Charge

Council has decided that a component of the total rate will be a fixed charge on every rateable property. The fixed charge affects most ratepayers and must not, in relation to any financial year, raise more than half of total rate revenue (before rebates and remissions).

Section 152 of the Act provides for a fixed charge component of rates. Council's reasons for including a fixed charge component are:

- To be able to deliver a range of services to the community, Council must maintain a range of internal support and administrative services. No particular group of ratepayers benefit more than any other group of ratepayers by the provision of the support and administrative services.
- The Council therefore considers it appropriate that all ratepayers contribute equally to the cost of administering Council's activities and services.

The fixed charge will affect all ratepayers and is set to raise less than one half of total rate revenue.

The fixed charge is uniformly paid by each ratepayer, irrespective of capital value, has the effect of limiting the impact changes in valuation have on individual assessments.

Where two or more adjoining properties have the same owner and occupier only one fixed charge is payable by the ratepayer.

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Applications for "adjoining properties" must be in writing addressed to Chief Executive Officer (as per 4.22 of this Policy) and will only be considered by Council within the relevant financial year received.

No application will have an effect on past fixed charges assessed.

4.9 Differential General Rates

In addition to the use of a Fixed Charge, the Local Government Act 1999, allows councils to differentiate rates based on the use of the land, the locality of the land or on the use and locality of the land. Current categories of land use defined by the Local Government (General) Regulations 1999 are:

1. Residential
2. Commercial-Shops
3. Commercial-Office
4. Commercial-Other
5. Industrial-Light
6. Industrial-Other
7. Primary Production
8. Vacant Land
9. Other.

4.10 Land Use

Land use is a factor to levy differential rates. If a ratepayer believes that a property has been wrongly classified as to its land use, then an objection in writing may be made within 60 days of being notified of the land use classification.

The address of the Office of the Valuer-General is:

Online: www.valuergeneral.sa.gov.au

Email: OVGObjections@sa.gov.au

Post: GPO Box 1354, Adelaide 5001

Fax: 08 8115 5709

In Person: Land Services SA, Level 9, 101 Grenfell Street, Adelaide

Note: Lodgement of an objection does not change the due date for the payment of rates.

4.11 Minimum Rate

Council does not use the minimum rate provisions, instead Council uses the combination of fixed charge and valuation based rating.

4.12 Limestone Coast Landscape Levy

From 1 July, 2020 the new *Landscape South Australia Act 2019* replaced the *Natural Resource Management Act 2004*. The Council is in the new Limestone Coast Landscape area and is required under the new Act to make a specified annual contribution to their Regional Landscape Board. As such, Council collects the levy on behalf of the State Government for no gain to Council.



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The Council is simply operating as a revenue collector for the Landscape Levy in this regard. It does not retain this revenue nor determine how the revenue is spent.

4.13 Service Charges

In accordance with Section 155 of the Act a Council may impose a service rate on rateable land within its area for a **prescribed service**. A prescribed service is described as treatment or provision of water, collection, treatment or disposal of waste, a television transmission service or any other service prescribed by the regulations for the purposes of this definition.

Council is focused on environmentally sound waste management practices and will impose a Waste Service Charge (WSC) as a tool to become more responsive to waste management related costs and share the costs and benefits within the community.

The WSC will be charged on the basis of the service being available at the property. It will exclude vacant land and primary production where there is no dwelling on the land and will be charged irrespective if the land owner/occupier is using the service or not. Charge will be for full financial year i.e. 1st July to 30th June with no pro rata.

The charge includes:

- a 140L domestic waste bin and weekly collection service
- a 240L recycling bin and fortnightly collection service
- a 240L green waste bin and fortnightly collection service * (bin not included)

Where two or more adjoining properties have the same owner and occupier only one waste service fee is payable by the ratepayer.

Rateable recreational or sporting activities (community groups) will be provided x1 general waste and x1 recycle bin.

A rate rebate will not be available on Waste Service Charge

4.14 Cost of Living Concessions

Eligible Pensioners, Low Income Earners and Self-Funded Retirees

Pensioners, low income earners or Self-Funded Retirees may be entitled to a cost of living concession. The cost of living concession helps those on low or fixed incomes with their cost of living expenses, whether that be electricity, gas, water bills or council rates.

Eligibility is based on living arrangements as at 1 July each year. Applications for the each financial year can be submitted by contacting the Concession Hotline on 1800 307 758.

Applications are administered by the State Government. Payment of rates must not be withheld pending assessment of an application by the State Government as penalties apply to unpaid rates.



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4.15 Payment of Rates

The Council will collect rates quarterly on the dates to be specified on the rates notice, in the following months:

- September
- December
- March
- June.

Rate notices will be issued quarterly however the total outstanding balance of rates may be paid at any time.

Rates may be paid:

- Over the Internet - www.mountgambier.sa.gov.au
- By telephone: using credit card, phone 1300 276 468, 24 hours a day 7 days per week (BPoint Number 1345263)
- By BPay: Use Biller Code 464263
- By direct debit: from savings or cheque account
- By post: P O Box 56, Mount Gambier SA 5290
- In person: at the Council Offices during Council business hours Monday to Friday excluding public holidays
- By Centrepay deductions from social security payments
- Any Australia Post outlet.

Any ratepayer who may, or is likely to, experience difficulty with meeting the standard instalments and due dates can contact the Council to discuss alternative payment arrangements. Note, fines and interest may still be levied in accordance with the Act.

4.16 Late Payment of Rates

The Local Government Act provides that Councils impose a penalty of 2% on any payment for rates, whether instalment or otherwise, that is received late. A payment that continues to be late is then charged an interest rate, set each year according to a formula in the Act, for each month it continues to be late. Interest charged on late payments is charged on both the amount of the rate arrears and any interest that has previously been imposed. The purpose of this penalty is to act as a genuine deterrent to ratepayers who might otherwise fail to pay their rates on time, to allow councils to recover the administrative cost of following up unpaid rates and to cover any interest cost the Council may incur because it has not received the rates on time.

The City of Mount Gambier imposes late payment penalties strictly in accordance with the Local Government Act. The ability to remit penalties in whole or part is a power vested in Council. At the City of Mount Gambier each case will be considered on its merit based on the information provided.



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4.17 Debt Recovery

Council has determined that Rate Payments will be applied in accordance with the provisions of Section 183 of the Act.

When Council receives a payment in respect of overdue rates the Council applies the money received in accordance with Section 183 of the Local Government Act, as follows:

- Firstly – to satisfy any costs awarded in connection with court proceedings
- Secondly – to satisfy any interest costs
- Thirdly – in payment of any fines imposed; and
- Fourthly – in payment of rates, in date order of their imposition (starting with the oldest account first).

4.18 Rebate of Rates - Mandatory

The Local Government Act requires councils to rebate the rates payable on some land uses. Specific provisions are made for land used for health services, community services, religious purposes, public cemeteries, the Royal Zoological Society and educational institutions. These rebates vary from 25% to 100% and will be applied upon application and on verification.

Rate rebates do not apply to Council Waste Service Charge.

4.19 Rebate of Rates - Discretionary

The Local Government Act 1999 enables Council (upon application and subject to certain eligibility criteria) to grant discretionary rebates of up to 100% for land used for the purposes of a community benefit and that meet certain legislative and Council Policy criteria.

Council (by Policy) has agreed to grant specific Rate Rebates pursuant to the said Act.

Councils Rate Rebate Policy (incorporating Rate Rebate Application) is available from the Council website - www.mountgambier.sa.gov.au.

Rate Rebates do not apply to Council Waste Service Charge.

4.20 Rate Relief Options

- 4.20.1 Where an owner/occupier/principal place of residence property with a Category 1 (Residential) Land Use experiences an increase in general rates payable, for the preceding financial year as compare to the general rates payable for the current financial year (excluding any rebates/remissions) and where that increase, in monetary terms, is greater than 15%.

The amount of the rate rebate is the amount of gross rates for the current year over and above the calculation referred to above. I.e. the difference (in monetary terms) between the general rates imposed in the preceding financial year plus 15%. (All calculations referenced herein are gross rates figures. I.e. exclusive of any rebates/remissions/concessions).



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The rebate will not apply where:

- (a) Any such increase is due in whole or part to an increase in valuation of the land in the Assessment because of improvements made to it worth more than \$20,000. or
- (b) Any such increase is in whole or part because the zoning or land use category of the land has changed. or
- (c) Any such increase is due in full or part to the use of the land being different for rating purposes on the date the Council declared its general rates for the current financial year than on the date the Council declared its general rates for the preceding financial year. or
- (d) The ownership of the rateable property has changed since 1st July in the preceding financial year i.e. the residential property has changed ownership and the new owners have purchased the residential property at the new current market value. or
- (e) The subject property boundary(s) have been altered in some way e.g. subdivision, boundary alignment etc. i.e. the subject property is not the exact same property, for valuation purposes, as assessed in the previous financial year. or
- (f) Other factors considered relevant by the Chief Executive Officer that do not warrant the granting of the discretionary rate rebate.

The rebate will only apply to:

- (a) A ratepayer in respect of their principal place of residence only, excluding second and subsequent properties and all other non principal place of residence properties.
- (b) The current financial year only then subject to an annual review.

Where an entitlement to a Residential Rate Capping ceases or no longer applies during the course of a financial year, the Council is entitled to recover full rates for the financial year.

4.20.2 Vacant Land

The vacant land rate in the dollar is set higher than the residential rate in the dollar.

For those owners of vacant land who intend to develop that land, in the short term as their principal place of residence (as opposed to land speculation), may be entitled to a rebate on Council rates.

Applications must be in writing with the maximum rebate calculated so that the rates payable are equivalent to the average residential land use.

4.20.3 Postponement of Rates - Seniors

Any person holding a State Seniors Card issued by the State Government may make application to Council for a postponement of the prescribed proportion of rates for the current or future financial years.



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All applications of postponement will need to be considered in accordance with the relevant legislative provisions.

4.21 Hardship

Any ratepayer experiencing difficulties in meeting rates payments or experiencing hardship will be able to access payment plans tailored to meet their particular circumstances. All arrangements will be strictly confidential.

4.22 Applications

All applications for rebates, remissions or postponements must be in writing, addressed to the Chief Executive Officer, City of Mount Gambier, P O Box 56, Mount Gambier SA 5290 and include sufficient details to identify the relevant property and support the application.

Application forms are available from Council's website www.mountgambier.sa.gov.au.

Please refer to Council's *Rate Rebate Policy* for further information.

4.23 Sale of Land for Non-Payment of Rates

The Local Government Act provides that a Council may sell any property where the rates have been in arrears for three years or more. The Council is required to provide the principal ratepayer and the owner (if not the same person) with details of the outstanding amounts and advise the owner of its intention to sell the land if payment of the outstanding amount is not received within one month. The City of Mount Gambier enforces the sale of land for non-payment of rates after 3 years or more in accordance with the provisions of the Act.

4.24 Changes to Assessment Records

All changes to postal address of ratepayer/owner and changes of ownership of a property must be notified promptly to Council in writing.

4.25 Disclaimer

A rate cannot be challenged on the basis of non-compliance with this policy and must be paid in accordance with the required payment provisions.

Where a ratepayer believes that the Council has failed to properly apply this policy it should raise the matter with the Council. In the first instance contact Council's General Manager Council Business Services on (08) 8721 2555 to discuss the matter. If, after this initial contact, a ratepayer is still dissatisfied they should write to the Chief Executive Officer, City of Mount Gambier, P O Box 56, Mount Gambier SA 5290, or email city@mountgambier.sa.gov.au.

5. REVIEW & EVALUATION

This Policy is scheduled for review by Council annually and will be reviewed as required by any legislative changes which may occur.

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6. AVAILABILITY OF POLICY

This Policy will be available for inspection at Council's principal office during ordinary business hours and on the Council's website www.mountgambier.sa.gov.au. Copies will also be provided to interested members of the community upon request, and upon payment of a fee in accordance with Council's Schedule of Fees and Charges.



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File Reference:	AF18/48
Applicable Legislation:	Local Government Act, 1999 - Chapter 10
Reference: Strategic Plan – Beyond 2015	Goal 5, Strategic Objective 5.
Related Policies:	R105 Rating Policy/Statement R155 Rates - Rebate Policy Statement and Application Process R130 Rates - General Policy
Related Procedures:	Nil
Related Documents:	Nil

DOCUMENT DETAILS

Responsibility:	General Manager Corporate and Regulatory Services
Version:	13.0
Last revised date:	28 June 2022
Effective date:	28 June 2022
Minute reference:	28 June 2022 - Item No. 4.1 - Resolution 2022/80
Next review date:	May, 2024
<u>Document History</u> First Adopted By Council: Reviewed/Amended:	18 th October, 2011 Annually



1. INTRODUCTION

It is the policy of the City of Mount Gambier (the Council) that a rebate of rates in respect of any rateable land in the Council area will be available only when the applicant satisfies the requirements under the Local Government Act 1999 (the Act) and where appropriate, the requirements of this Policy.

2. SCOPE

- 2.1 The Act sets out in Chapter 10, Division 5 (Sections 159 to 166) those provisions applicable to the Council granting a rebate of rates to persons or bodies.
- 2.2 The Council has decided to adopt a Policy to assist it in its decision making functions relative to the operation of the rate rebate provisions contained in the Act.
- 2.3 This Policy is intended to provide guidance to the community as to the grounds upon which a person or body is, or may be entitled to receive a rebate of rates and the matters that the Council will take into account in deciding an application for a rebate.
- 2.4 In accordance with the rebate provisions contained in the Act, this Policy sets out the type of use in respect of land where the Council must grant a rebate of rates and the amount of that rebate and these types of land use where the Council has a discretion to grant a rebate of rates.

3. PURPOSE

- 3.1 Section 159(3) of the Act provides that the Council may grant a rebate of rates under the Act if it is satisfied that it is appropriate to do so.
- 3.2 The Act provides for a mandatory rebate of rates in specified cases and the amount of that mandatory rebate (see Clause 3 below).
- 3.3 The Act also provides that where the Council must grant a rebate of rates under the Act, and the amount of that rebate is fixed by the Act at less than 100%, the Council **may** increase the amount of the rebate.
- 3.4 The Act provides, at Section 166 for the Council to provide a discretionary rebate of rates in the cases set out in that Section.

4. MANDATORY REBATES

- 4.1 The Council must grant a rebate in the amount specified in respect of land uses which the Act provides will be granted a rebate.



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4.2 Rates on the following land will be rebated at **100%**:

4.2.1 Health Services

Land being predominantly used for service delivery or administration by a hospital or health centre incorporated under the Health Care Act.

4.2.2 Religious Purposes

Land containing a church or other building used for public worship (and any grounds), or land solely used for religious purposes.

4.2.3 Public Cemeteries

Land being used for the purposes of a public cemetery.

4.2.4 Royal Zoological Society of SA

Land (other than land used as domestic premises) owned by, or under the care, control and management of the Royal Zoological Society of South Australia Incorporated.

4.3 Rates on the following land will be rebated at **75%**:

4.3.1 Community Services

Land being predominantly used for service delivery or administration (or both) by a community services organisation. A "community services organisation" is defined in the Act as a body that –

- 4.3.1.1 *Is incorporated on a not for profit basis for the benefit of the public; and*
- 4.3.1.2 *Provides community services without charge or for a charge that is below the cost to the body of providing the services; and*
- 4.3.1.3 *Does not restrict its services to persons who are members of the body.*



It is necessary for a community services organisation to satisfy all of the above criteria to be entitled to the mandatory 75% rebate.

The Act further provides that eligibility for a rebate by a community services organisation is subject to it providing one or more of the following community services:

- 4.3.1.4 Emergency accommodation;
- 4.3.1.5 Food or clothing for disadvantaged persons;
- 4.3.1.6 Supported accommodation: Local Government Act defines as:
 - (a) *Residential care facilities that are approved for Commonwealth funding under the Aged Care Act 1997 (Cwlth); or*
 - (b) *Accommodation for persons with mental health difficulties, intellectual or physical difficulties, or other difficulties, who require support in order to live an independent life; or*
 - (c) *Without limiting paragraph (b), accommodation provided by a community housing provider registered under the Community Housing Providers National Law that is incorporated on a not-for-profit basis for the benefit of the public, other than accommodation provided by such a body:*
 - (i) *that has as a principal object of the body the provision of housing for members of the body; or*
 - (ii) *that is excluded from the ambit of this paragraph by the Minister by notice published in the Gazette;*
- 4.3.1.7 Essential services, or employment support, for persons with mental health disabilities, or with intellectual or physical disabilities;
- 4.3.1.8 Legal services for disadvantaged persons;
- 4.3.1.9 Drug or alcohol rehabilitation services; or
- 4.3.1.10 the conduct of research into, or the provision of community education about, diseases or illnesses, or the provision of palliative care to persons who suffer from diseases or illnesses.
- 4.3.1.11 Disadvantaged person are persons who are disadvantaged by reason of poverty, illness, frailty or mental, intellectual or physical disability.

4.3.2 Educational Purposes

- 4.3.2.1 Land occupied by a government school under a lease or licence and being used for educational purposes; or
- 4.3.2.2 Land occupied by a non-government school registered under The Education and Early Childhood Services (Registration and Standards) Act 2011 and being used for educational purposes; or
- 4.3.2.3 Land being used by a University or University College to provide accommodation and other forms of support for students on a not for profit basis.



- 4.4 Where the Council is satisfied from its own records or from other sources that a person or body meets the necessary criteria for a mandatory 100% or 75% rebate, the Council will grant the rebate of its own initiative. Where the Council's records or other sources do not meet the criteria, it will require the person or body to apply for the rebate in accordance with Clause 6 of this Policy.
- 4.5 Where a person or body is entitled to a rebate of 75% the Council may, pursuant to Section 159(4) of the Act, increase the rebate up to a further 25%. The Council may grant the further 25% rebate upon application or on its own initiative. In either case the Council **will** take into account those matters set out at Clauses 6.4 of this Policy and **may** take into account any or all of those matters set out at Clause 6.5 of this Policy.
- 4.6 Where an application is made to the Council for a rebate of up to a further 25% the application will be made in accordance with Clause 7 of this Policy and the Council will provide written notice to the applicant of its determination of that application.
- 4.7 Council has delegated the determination of entitlement to Mandatory Rebates to the Chief Executive Officer.

5. DISCRETIONARY REBATES

- 5.1 The Council may in its absolute discretion grant a rebate of rates or service charges in any of the following cases pursuant to Section 166 of the Act: -
 - 5.1.1 *where it is desirable for the purpose of securing the proper development of the area (or a part of the area);*
 - 5.1.2 *where it is desirable for the purpose of assisting or supporting a business in its area;*
 - 5.1.3 *where it will be conducive to the preservation of buildings or places of historic significance;*
 - 5.1.4 *where the land is being used for educational purposes;*
 - 5.1.5 *where the land is being used for agricultural, horticultural or floricultural exhibitions;*
 - 5.1.6 *where the land is being used for a hospital or health centre;*
 - 5.1.7 *where the land is being used to provide facilities or services for children or young persons;*
 - 5.1.8 *where the land is being used to provide accommodation for the aged or disabled;*
 - 5.1.9 *where the land is being used for a residential aged care facility that is approved for Commonwealth funding under the Aged Care Act 1997 (Commonwealth) or a day therapy centre;*
 - 5.1.10 *where the land is being used by an organisation which, in the opinion of the Council, provides a benefit or service to the local community;*
 - 5.1.11 *where the rebate relates to common property or land vested in a community corporation under the Community Titles Act 1996 over which the public has a free and unrestricted right of access and enjoyment;*



- 5.1.12 *where the rebate is considered by the Council to be appropriate to provide relief against what would otherwise amount to a substantial change in rates payable due to:*
- (i) a redistribution of the rates burden within the community arising from a change to the basis or structure of the Council's rates; or*
 - (ii) a change to the basis on which land is valued for the purpose of rating, rapid changes in valuations, or anomalies in valuations.*
- 5.1.13 *where the rebate is considered by Council to be appropriate to provide relief in order to avoid a liability to pay a rate or charge that is inconsistent with liabilities that were anticipated in the annual Business Plan or a liability that is unfair or unreasonable;*
- 5.1.14 *where the rebate is to give effect to a review of a decision of the Council under Chapter 13 Part 2; and*
- 5.1.15 *where the rebate is contemplated under another provision of this Act.*
- 5.2 *A council must, in deciding whether to grant a rebate of rates or charges under Section 166, subsection (1)(d), (e), (f), (g), (h), (i) or (j), take into account:*
- (a) The nature and extent of council services provided in respect of the land for which the rebate is sought in comparison to similar services provided elsewhere in its area; and*
 - (b) The community need that is being met by activities carried out on the land for which the rebate is sought; and*
 - (c) The extent to which activities carried out on the land for which the rebate is sought provides assistance or relief to disadvantaged persons; and*
 - (d) May take into account other matters considered relevant by the council.*

The Council may take into account, but not limited to, the following:

- (i) Why there is a need for financial assistance through a rebate;*
- (ii) The level of rebate (percentage and dollar amount) being sought and why it is appropriate;*
- (iii) The extent of financial assistance, if any, being provided to the applicant and/or in respect of the land by Commonwealth or State agencies;*
- (iv) Whether the applicant has made/intends to make applications to another Council;*
- (v) Whether, and if so to what extent, the applicant is or will be providing a service within the Council area;*
- (vi) Whether the applicant is a public sector body, a private not for profit body or a private for profit body;*



- (vii) Whether there are any relevant historical considerations that may be relevant for all or any part of the current Council term;
- (viii) The desirability of granting a rebate for more than one year in those circumstances identified at Clause 4.2 of this policy;
- (ix) Consideration of the full financial consequences of the rebate for the Council;
- (x) The time the application is received;
- (xi) the availability of any community grant to the person or body making the application;
- (xii) whether the applicant is in receipt of a community grant; and
- (xiii) Any other matters, and policies of the Council, which the Council considers relevant.

5.3 The Council has an absolute discretion to:

- (a) *Grant a rebate of rates or service charges in the above cases; and*
- (b) *Determine the amount of any such rebate to a maximum of 100% of the relevant rate.*

5.4 Discretionary rebates granted under this policy will be reviewed in accordance with Section 166(3) (3a) or at the time of reviewing the policy (Section 10).

5.5 Persons or bodies that or who seek a discretionary rebate will be required to submit an application form to the Council and provide such information as stipulated on the application form and any other information that the Council may reasonably require.

6. LIMESTONE COAST LANDSCAPE LEVY

From 1 July, 2020 the new *Landscape South Australia Act 2019* (the Act) replaced the *Natural Resource Management Act 2004*. Local Government continues to play a key role in collection of the Regional Landscape Levy. Councils are required under the Act to make a specified contribution to their Regional Landscape Board. Council recovers this contribution by imposing a separate rate on individual rateable properties in the Council area.

The Council will provide a concession or rebate off the Landscape levy for rateable properties who presently receive a mandatory or discretionary rebate of rates. The level of the Landscape Levy concession will be equivalent (in percentage terms) to the level of rate rebate Council has granted to those same rateable properties.



7. SERVICE CHARGE

In accordance with Section 155 of the Act a Council may impose a service rate on rateable land within its area for a **prescribed service**. A prescribed service is described as treatment or provision of water, collection, treatment or disposal of waste, a television transmission service or any other service prescribed by the regulations for the purposes of this definition.

Council is focused on environmentally sound waste management practices and will impose a Waste Service Charge (WSC) as a tool to become more responsive to waste management related costs and share the costs and benefits within the community.

The WSC will be charged on the basis of the service being available at the property. It will exclude vacant land and primary production where there is no dwelling on the land and will be charged irrespective if the land owner/occupier is using the service.

A rate rebate will not be available on Council Waste Service Charge.

8. APPLICATIONS

8.1 The Council will inform the community of the provisions for rate rebates under the Act by the inclusion of suitable details in the Council's Business Plan (and on the Draft Annual Business Plan) in accordance with Council's adopted Public Consultation Policy.

8.2 Application forms are available from the Council Office located at The Civic Centre, 10 Watson Terrace, Mount Gambier, telephone 8721 2555 or download from the Council website www.mountgambier.sa.gov.au.

8.3 All persons or bodies that/who want to apply to the Council for a rebate of rates must do so by completing and lodging a Rate Rebate Application on or before 31st March in each year to be considered for a rebate in the new rating year commencing 1st July of each year. The Council reserves the right to refuse to consider applications received after that date. However, applicants which satisfy the criteria for a mandatory 100% rebate will be granted the rebate at any time.

8.4 The Act provides that the Council may grant a rebate of rates or charges on such conditions as the Council considers fit.

8.5 The Council may, for proper cause, determine that an entitlement to a rebate of rates under the Act no longer applies.

Where an entitlement to a rebate of rates ceases or no longer applies during the course of a financial year, the Council is entitled to recover rates, or rates at the increased level (as the case may be), proportionate to the remaining part of the financial year.



- 8.6 It is an offence for a person or body to make a false or misleading statement or representation in an application or to provide false or misleading information or evidence in support of an application made (or purporting to be made) under the Act.

The maximum penalty for this offence is \$5,000.

- 8.7 If a person or body has the benefit of a rebate of rates and the grounds on which the rebate has been granted cease to exist, the person or body must immediately inform the Council of that fact and (whether or not the Council is so informed) the entitlement to a rebate ceases. If a person or body fails to do so that person or body is guilty of an offence.

The maximum penalty for this offence is \$5,000.

- 8.8 The Council will, in writing, advise an applicant for a rebate of its determination of that application within sixty (60) business days of receiving the application or of receiving all information requested by the Council. The advice will state whether the application:

6.11.1 Has been granted and the amount of the rebate; or

6.11.2 Has not been granted and the reason(s) why.

- 8.9 A person or body that is aggrieved by a determination of Council in respect of an application for a rate rebate may seek a review of that determination by writing to the Council in accordance with Council's Internal Review of Decisions Policy.

9. DELEGATION

- 9.1 The Council has delegated its power, pursuant to Section 44 of the Act, to grant applications for mandatory rebates which meet the requirements of the Act.
- 9.2 The Council has delegated its power to refuse applications for an increase of mandatory rebates to a greater percentage than that provided by the Local Government Act.
- 9.3 All discretionary rebates shall be determined by the Council.

10. RATE RELIEF OPTIONS

To address any potential inequities in how rates are levied across the Council area the following rate relief options are provided:

10.1 Residential Rate Cap

Where an owner/occupier's principal place of residence property with a Category 1 (Residential) Land Use, experiences an increase in general rates payable, for the preceding financial year compared to the general rates payable for the current financial year (excluding any rebates/remissions) and where that increase, in monetary terms, is greater than 15%.



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The amount of the rate rebate is the amount of total rates for the current year over and above the calculation referred to above, i.e. the difference (in monetary terms) between the general rates imposed in the preceding financial year plus 15%.

(All calculations referenced herein are total (gross) rates figures i.e. excluding any rebates/remissions).

The rebate will not apply where:

- (a) Any such increase is due in whole or part to an increase in valuation of the land in the Assessment because of improvements made to it worth more than \$20,000, or
- (b) Any such increase is in whole or part because the zoning or land use category of the land has changed, or
- (c) Any such increase is due in full or part to the use of the land being different for rating purposes on the date the Council declared its general rates for the current financial year than on the date the Council declared its general rates for the preceding financial year; or
- (d) The ownership of the rateable property has changed since 1st July in the preceding financial year (i.e. the residential property has changed ownership and the new owners have purchased the residential property at the new current market value); or
- (e) The subject property boundary(s) have been altered in some way (e.g. subdivision, boundary alignment etc.) and the subject property is not the exact same property, for valuation purposes, as assessed in the previous financial year; or
- (f) Other factors considered relevant by the Chief Executive Officer that do not warrant the granting of the discretionary rate rebate.

The rebate will only apply to:

- (a) A ratepayer in respect of their principal place of residence and excludes second and subsequent properties and all other non-principal place of residence properties;
- (b) The current financial year only then subject to an annual review.

Where an entitlement to a Residential Rate Capping ceases or no longer applies during the course of a financial year, the Council is entitled to recover full rates for that financial year.



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10.2 For Land Use Category 8 (Vacant Land) Use

Vacant land owned by person(s) intending to be developed in the short term as their principal place of residence, may be considered for a rebate/deferral on Council rates on a case by case basis through the existing relief provisions of the Act, (i.e. hardship application). The maximum rate rebate calculated resulting in the rates payable being equivalent to the average residential land use (Category 1).

10.3 Postponement of Rates - Seniors

Section 182A of the Act provides for applications to be made to Council for a postponement of the payment of the prescribed proportion of rates for the current or future financial years if:

- (a) the person is a prescribed ratepayer, or is the spouse of a prescribed ratepayer; and
- (b) the rates are payable on land that is the principal place of residence of the prescribed ratepayer; and
- (c) the land is owned by the prescribed ratepayer and his or her spouse and no other person has an interest, as owner in the land.

The Act defines a 'prescribed ratepayer' as a person who holds a current State Seniors Card issued by the State Government; or who has the qualification(s) to hold such a card and has applied for the card but has yet to be issued with the card.

All Postponement Applications will be considered and must comply with the provisions of Section 182A of the Act and Regulation 18 of the Local Government (General) Regulations 2013.

All applications for rebates, remissions or postponements must be in writing, addressed to the Chief Executive Officer, City of Mount Gambier, 10 Watson Terrace, Mount Gambier SA 5290 or emailed to city@mountgambier.sa.gov.au


10.4 Retirement Villages

For the purpose of providing a rebate to Retirement Villages, particularly upon issues arising from circumstances where the ratepayer(s) claim to provide or maintain infrastructure that might otherwise be maintained by the Council, a rebate does not generally apply. The power to provide a rebate will be exercised as appropriate and in accordance with the Act.

11. REVIEW AND EVALUATION

This Policy is scheduled for review by the Council annually. However, the Policy will be reviewed as required by any legislative changes which may occur.



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12. AVAILABILITY OF POLICY

This Policy will be available for inspection at Council's principal office during ordinary business hours and on the Council's website www.mountgambier.sa.gov.au. Copies will also be provided to interested members of the community upon request and upon payment of a fee in accordance with Council's Schedule of Fees and Charges.



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RATE REBATE APPLICATION

1. DETAILS OF APPLICANT

Organisation Name

Postal Address

..... Postcode

Telephone Email

Please provide details of a contact person for the Applicant

Given Name Surname

Postal Address

..... Postcode

Telephone Email

2. DETAILS OF LAND

Council Assessment Number

Certificate of Title Reference

Address

.....

Owner of Land (if not you)

3. CATEGORIES OF REBATE

Please tick the category of rebate under which you are seeking a rebate.



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3.1 **Mandatory - 100%**

- Health Services – Land being predominantly used for service delivery or administration by a hospital or health centre incorporated under the South Australia Health Commission Act 1976 (Section 160 of the Local Government Act 1999);
- Religious Purposes – Land containing a church or other building used for public worship (and any grounds), or land solely used for religious purposes (Section 162 of the Local Government Act 1999);
- Public Cemeteries – Land being used for the purposes of a public cemetery (Section 163 of the Local Government Act 1999);
- Royal Zoological Society of SA – Land (other than land used as domestic premises) owned by, or under the care, control and management of, the Royal Zoological Society of South Australia Incorporated (Section 164 of the Local Government Act 1999).

3.2 **Mandatory - 75%**

- 3.2.1 Community Services – Land being predominantly used for service delivery or administration by a community services organisation (Section 161 of the Local Government Act 1999).

To qualify as a Community Service Organisation under the rebate provisions of the Local Government Act 1999 an organisation **MUST MEET ALL THREE** of the following criteria. (See section 'Additional Information' at end of this form).

(a) is incorporated on a not for profit basis for the benefit of the public; **and**

YES ■ NO ■


(b) provides community services without charge or for a charge that is below the cost to the body of providing the services; **and**

YES ■ NO ■

(c) does not restrict its services to persons who are members of the body.

YES ■ NO ■



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If you have ticked (a), (b) and (c) above which of the following services does your organisation provide from the property specified in this application. If these services apply only to part of your property, please supply additional details. You must answer these below questions in respect of your application.

- *Emergency accommodation;*
- *Food or clothing for disadvantaged persons (i.e., persons who are disadvantaged by reason of poverty, illness, frailty, or mental, intellectual or physical disability);*
- *Supported accommodation - Local Government Act defined as:*
 - (a) *Residential care facilities that are approved for Commonwealth funding under the Aged Care Act 1997 (Cwth); or*
 - (b) *Accommodation for persons with mental health difficulties, intellectual or physical difficulties, or other difficulties, who require support in order to live an independent life; or*
 - (c) *Without limiting paragraph (b), accommodation provided by a community housing provider registered under the Community Housing Providers National Law that is incorporated on a not-for-profit basis for the benefit of the public, other than accommodation provided by such a body that:*
 - (i) *has as a principal object of the body, the provision of housing for members of the body; or*
 - (ii) *is excluded from the ambit of this paragraph by the Minister by notice published in the Gazette.*
- *Essential services, or employment support, for persons with mental health disabilities, or with intellectual or physical disabilities;*
- *Legal services for disadvantaged persons;*
- *Drug or alcohol rehabilitation services; and/or*
- *Research into, or community education about, diseases or illnesses, or palliative care to persons who suffer from diseases or illnesses.*
- *Disadvantaged person are persons who are disadvantaged by reasons of poverty, illness, frailty, or mental, intellectual or physical disability.*



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■ **3.2.2 Educational Purposes** - (Section 165 of the Local Government Act 1999)

Which of the following criteria apply:

- *Land occupied by a government school under a lease or licence and being used for educational purposes; or*
- *Land occupied by a non-government school registered under The Education and Early Childhood Services (Registration and Standards) Act 2011 and being used for educational purposes; or*
- *Land being used by a University or University College to provide accommodation and other forms of support for students on a not for profit basis.*

3.3 **Discretionary** - (Section 166 of the Local Government Act 1999)

The Council may in its discretion grant a rebate of rates or service charges in any of the following cases. Please indicate which of the following is applicable to your application:

- *The rebate is desirable for the purpose of securing the proper development of the area (or a part of the area);*
- *The rebate is desirable for the purpose of assisting or supporting a business in its area;*
- *The rebate will be conducive to the preservation of buildings or places of historic significance;*
- *The land is being used for educational purposes;*
- *The land is being used for agricultural, horticultural or floricultural exhibitions;*
- *The land is being used for a hospital or health centre;*
- *The land is being used to provide facilities or services for children or young persons;*
- *The land is being used to provide accommodation for the aged or disabled;*
- *The land is being used for a residential aged care facility that is approved for Commonwealth funding under the Aged Care Act 1987 (Commonwealth) or a day therapy centre;*
- *The land is being used by an organisation which, in the opinion of the Council provides a benefit or service to the local community;*



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- *the rebate relates to common property or land vested in a community corporation under the Community Titles Act 1996 over which the public has a free and unrestricted right of access and enjoyment;*
- *the rebate is appropriate to provide relief against what would otherwise amount to a substantial change in rates payable by a rate payer due to a change in the basis of valuation used for the purposes of rating, rapid changes in valuations, or anomalies in valuations.*

4. **AMOUNT OF REBATE**

- 4.1 If you are seeking a mandatory rebate under Clause 3.2 of this Application, for which you are entitled to a 75% rebate, are you also applying to the Council to increase that rebate?

YES ■ NO ■

Please specify the amount of rebate that you are applying for: \$_____

- 4.2 If you are applying for a discretionary rebate under Clause 3.3 of this Application, please specify the rebate amount you are applying for:

\$_____

Please specify why you (or the organisation you represent) need financial assistance through a rebate and why the amount of rebate you have applied for is appropriate.

.....

.....

.....

.....

.....



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5. ADDITIONAL INFORMATION REQUIRED

The Council requires you to attach the following additional information to this Application:

- 5.1 Where you are seeking a rebate under Clause 3.2 of this Application – Community Services:
 - 5.1.1 Evidence that the land is being used for service delivery and/or administration;
 - 5.1.2 A copy of the organisation's Constitution and/or other documentation establishing that it is incorporated on a not-for-profit basis;
 - 5.1.3 A copy of the organisation's latest Annual Report;
 - 5.1.4 Evidence that the organisation provides services free of charge or below cost;
 - 5.1.5 Evidence that the organisation provides services to persons other than its members.
- 5.2 Where you are seeking a rebate in any other case:
 - 5.3.1 Evidence that the land is being used for the purpose for which the rebate is being sought;
 - 5.3.2 Information as to whether, and if so, to what extent you (or the organisation you represent) will be providing a service within the Council area;
 - 5.3.3 Whether you have made or intend to make an application to another council;
 - 5.3.4 The extent of financial assistance (if any) being provided by Commonwealth or State agencies;
 - 5.3.5 Whether you are in receipt of a community grant;
 - 5.3.6 Any other information that you believe is relevant in support of this Application.



6. APPLICATION FORMS

Failure to submit application forms or to provide the additional information required by the Council to assess the application by the due date may result in the Council declining to consider the application.

DATED this day of 20
Print Name
Signature
Position Title

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		Issued:	June 2023
		Next Review:	May 2024

File Reference:	AF18/48
Applicable Legislation:	Local Government Act, 1999 Chapter 10, Division 5 (Sections 159 to 166)
Reference: Strategic Plan – Beyond 2015	Goal 5, Strategic Objective 5
Related Policies:	R105 Rating Policy/Statement R130 Rates - General Matters
Related Procedures:	Nil
Related Documents:	Nil

DOCUMENT DETAILS

Responsibility:	General Manager Corporate and Regulatory Services
Version:	12.0
Last revised date:	28 June 2022
Effective date:	28 June 2022
Minute reference:	28 June 2022 - Item No. 4.1 - Resolution 2022/80
Next review date:	May, 2024
<u>Document History</u> First Adopted By Council: Reviewed/Amended:	May 2002 Annually







10 Watson Terrace (PO Box 56)
Mount Gambier SA 5290
Phone 08 8721 2555
Email city@mountgambier.sa.gov.au
www.mountgambier.sa.gov.au



4.2 ADOPTION OF VALUATIONS AND RATES DECLARATION YEAR ENDING 30 JUNE 2024 – REPORT NO. AR23/25655

Committee:	Council
Meeting Date:	27 June 2023
Report No.:	AR23/25655
CM9 Reference:	AF22/378
Author:	Jo Scheidl, Team Leader Revenue
Authoriser:	Jane Fetherstonhaugh, General Manager Corporate and Regulatory Services
Summary:	To provide Council with the legally required recommendations for 2023/2024 financial year for the: Adoption of the capital valuation of land for the purpose of rating; Declaration of the attribution of land uses and codes; Declaration of differential general rates; Declaration of fixed charge; Declaration of Waste Service Charge; Declaration of differential separate rate in accordance with the Landscape South Australia Act 2019 ('the Act'); Declaration of residential rate cap, and; Payment of Council rates.
Strategic Plan Reference:	Goal 1: Our People Goal 2: Our Location Goal 3: Our Diverse Economy Goal 4: Our Climate, Natural Resources, Arts, Culture and Heritage Goal 5: Our Commitment

REPORT RECOMMENDATION

1. That Council Report No. AR23/25655 titled 'Adoption of Valuations and Rates Declaration year ending 30 June 2024' as presented on 27 June 2023 be noted.
2. That, pursuant to Section 167(1) and (2) of the Local Government Act 1999 Council adopts, for rating purposes for the 2023/2024 financial year, the Valuer General's most recent valuations of the capital values applicable to land within the area of the Council, totalling \$5,939,212,560 and that the date of adoption of the valuations is 27th June, 2023.
3. That in exercise of the powers contained in Chapter 10 of the Local Government Act 1999, the attribution of the land uses in the Assessment Record for the 2023/2024 financial year will be in accordance with the categories of land use prescribed by Regulation 14 of the Local Government (General) Regulations 2013.
4. That pursuant to Sections 152 (1)(c), 153 (1)(b) and 156 (1)(a) of the Local Government Act 1999 and in order to raise rates in the amount of \$22,168,610 the Council hereby declares that differential general rates will apply and will vary according to the use of the land and declares the differential general rates for rateable land within the Council area for the 2023/2024 financial year will be as follows:



- (a) 0.191470 of a cent per dollar of assessed capital value on rateable land of land use category (a) 'Residential', category (g) 'Primary Production' and category (i) 'Other'; and
 - (b) 0.516970 of a cent per dollar of assessed capital value on rateable land of land use category (b) 'Commercial-Shop', category (c) 'Commercial Office', category (d) 'Commercial-Other', category (e) 'Industry-Light', category (f) 'Industry Other' and category (h) 'Vacant Land' use.
5. That pursuant to Section 152 (1)(c)(ii) of the Local Government Act 1999, the Council declares in respect of the 2023/2024 financial year a fixed charge on rateable land within the Council area in the sum of \$566.60.
6. That pursuant to Section 155(2)(a) of the Local Government Act 1999 the Council imposes a Waste Service Charge of \$217.70 for the 2023/2024 financial year on all land to which it provides or makes available the prescribed service in order to raise the amount of \$3,097,000.
7. That in exercise of the powers contained in Section 69 of the Landscape South Australia Act 2019 and Section 154 of the Local Government Act 1999, in order to reimburse to the Council the amount contributed to the Limestone Coast Landscape Board, being \$1,351,252, differential separate rates based on a fixed charge of an amount that depends upon the use of the land on all rateable land in the Council's area and in the area of the said Board for the 2023/2024 financial year as follows:
 - 1) \$88.10 per assessment on rateable land of category (a) 'Residential', category (h) 'Vacant Land' and category (i) 'Other';
 - 2) \$130.10 per assessment on rateable land of category (b) 'Commercial-Shop', category (c) 'Commercial-Office' and category (d) 'Commercial-Other';
 - 3) \$210.00 per assessment on rateable land of category (e) 'Industry-Light' and category (f) 'Industry-Other';
 - 4) \$385.00 per assessment on rateable land of category (g) 'Primary Production'.
8. That pursuant to section 153 (3) of the Local Government Act 1999 and for the financial year ending 30 June 2024 but subject to the criteria set out in the Annual Business Plan 2023/2024 being met, the Council fixes a maximum increase to the general rate of 15% over the amount of the general rate liability for the 2022/2023 financial year in respect of any rateable land that constitutes the principal place of residence of a principal ratepayer and determines that any amount in excess of the 15% be remitted.
9. That pursuant to Section 181(2) of the Local Government Act 1999 the Council declares that quarterly payment of rates and charges in respect of the 2023/2024 financial year be payable on or before:
 - Friday, 8 September 2023
 - Friday, 8 December 2023
 - Friday, 8 March 2024
 - Friday, 7 June 2024



TYPE OF REPORT

Legislative

BACKGROUND

1. Councils are required to raise revenue for governance, administration and the delivery of goods and services to the community.
2. Council's major source of revenue is Rates, derived as a tax on land within the Council area. All ratepayers receive benefits from paying rates, but those benefits are consumed in different quantities and types over the life of the ratepayer.
3. Council should give consideration to the impact of rates and service charges on all ratepayers and ensuring consistency and equity across Council areas in the imposition of rates on various sectors of the residential, business and wider community.
4. The basis of rating is set out in Chapter 10 – Rates and Charges of the *Local Government Act 1999* ("the Act"). The Act prescribes Council's powers to raise rates and provides the framework within which the Council must operate, but also leaves room for the Council to make a range of Policy choices.
5. Councils are required under the Landscape South Australia Act 2019 to collect the levy on all rateable properties on behalf of the State Government. The levy helps to fund the operations of regional landscape boards who have responsibility for the management of the State's natural resources. Council collects this levy on behalf of State Government and does not retain the revenue nor determine how the revenue is spent.
6. Legislative changes to LGA (Financial Management) Regulations 2011 required detailed rating data to be included in The Draft Annual Business Plan and Budget from the 2022/2023 financial year onwards.
7. The subsequent Council report titled "Draft 2023/2024 Annual Business Plan & Budget for Public Consultation" was endorsed by Council for public consultation at the Council meeting on 23 May 2023. The report included the draft rating estimates as set out in the regulations section 6 as well as the Rate and Rate Rebate policies.
8. Public consultation took place between 25 May and 15 June 2023.

PROPOSAL

1. Council is required to declare a general rate after it has adopted its Annual Business Plan and Budget for the financial year to which the rate relates and no later than 15 August in that financial year.
2. Council must not declare a rate for a particular financial year without first adopting the valuations that apply to land within its area for rating purposes for that year. The valuations have been prepared based on Capital Value as provided by the Office of the Valuer-General.
3. Council continues to be focused on environmentally sound waste management practices and will impose a Waste Service Charge (WSC) as a tool to become more responsive to waste management related costs and share the costs and benefits within the community. The WSC is charged on the basis of the service being available at the property.
4. This report provides Council with the legal requirements as set out in Local Government Act 1999 to finalise the annual budget process regarding adoption of rates and charges by way of a series of separate resolutions.
5. This report should be read in conjunction with Council 'Report No AR23/36267– Adoption of 2023/2024 Annual Business Plan, Budget and Rating Policies' which provides details of supporting documents, information and explanation.



LEGAL IMPLICATIONS

Council must act in accordance with the *Local Government Act 1999* requirements.

- Under Section 123 of the Act Council is required to adopt a draft Annual Business Plan (ABP). This draft plan, once adopted, is required to be circulated for the purposes of public consultation;
- Under Section 146 of the Act a Council may impose general rates, separate rates, service rates and service charges on land in its area;
- Generally, all land within a council area is rateable unless it is specifically exempted by Section 147 of the Act. Such exemptions include Crown Land, land used for public educational purposes and council occupied land, amongst others;
- Rates must be based on the value of the land or a combination of a fixed charge and the value of the land (Sections 151 and 152 of the Act). A fixed charge can only be imposed against the whole of an allotment and only one fixed charge can be imposed against two or more pieces of contiguous (adjoining) land owned by the same owner and occupied by the same occupier, or a single farm enterprise (Sections 148 and 152 of the Act).

STRATEGIC PLAN

Financial sustainability in local government, ensuring consideration is given to the financial effects on future generations.

COUNCIL POLICY

[R105 - Rating Policy](#)

[R130 - Rates - General Matters](#)

[R155 - Rate Rebate Policy](#)

ECONOMIC IMPLICATIONS

The Annual Business Plan and Budget provides the funding for the Council to undertake its social, economic, infrastructure and environmental initiatives outlined in the Councils Long Term Financial and Asset Management Plans.

ENVIRONMENTAL IMPLICATIONS

The Waste Service Charge is an environmental decision to make waste management costs visible and clear to ratepayers by highlighting the waste fee for each property on the rates notice.

SOCIAL IMPLICATIONS

Council's major source of revenue is rates, derived as a tax on land within the Council area. All ratepayers receive benefits from paying rates, but those benefits are consumed in different quantities and types over the life of the ratepayer.

CULTURAL IMPLICATIONS

N/A

RESOURCE IMPLICATIONS

N/A

VALUE FOR MONEY

Rates constitutes a system of taxation for Local Government.

RISK IMPLICATIONS

N/A



EQUALITIES AND DIVERSITY IMPLICATIONS

N/A

ENGAGEMENT AND COMMUNICATION STRATEGY

Has been undertaken in accordance with the *Local Government Act 1999* requirements for community consultation.

IMPLEMENTATION STRATEGY

N/A

CONCLUSION AND RECOMMENDATION

Preparation, communication and awareness-raising of Council's 2023/2024 rates determination and alignment with Council's Long Term Financial Plan has been undertaken in accordance with the *Local Government Act 1999* requirements for community consultation.

Council may now consider the adoption of the valuation and declaration of rates for the year ending 30 June 2024 and a series of independent resolutions/declarations to finalise the annual budget process.

ATTACHMENTS

Nil



4.3 ADOPTION OF LONG TERM FINANCIAL PLAN (LTFP) 2024-2033 – REPORT NO. AR23/36339

Committee:	Council
Meeting Date:	27 June 2023
Report No.:	AR23/36339
CM9 Reference:	AF22/378
Author:	Julie Scoggins, Manager Financial Services
Authoriser:	Jane Fetherstonhaugh, General Manager Corporate and Regulatory Services
Summary:	Legislation - Council is required to develop and adopt a Long Term Financial Plan (LTFP) in accordance with the Local Government Act and Regulations. Annual Review - Council has decided to review the LTFP annually aligned with the timing of the Annual Business Plan and Asset Management Plans.
Strategic Plan Reference:	Goal 1: Our People Goal 2: Our Location Goal 3: Our Diverse Economy Goal 4: Our Climate, Natural Resources, Arts, Culture and Heritage Goal 5: Our Commitment

REPORT RECOMMENDATION

1. That Council Report No. AR23/36339 titled 'Adoption of Long Term Financial Plan (LTFP) 2024-2033' as presented on 27 June 2023 be noted.
2. That Council notes the Audit and Risk Committee feedback as included in the report.
3. That Council adopt the Long Term Financial Plan 2024-2033 as attached to Report No. AR23/36339.
4. That Council authorises the Chief Executive Officer or Delegate to make any necessary changes to the Long Term Financial Plan 2024-33 document arising from this meeting, together with any editorial amendments and finalisation of the document's formatting and graphic design that do not materially alter the integrity of the document.



TYPE OF REPORT

Legislative

BACKGROUND

1. **Legislation** - under Section 122 of the Local Government Act 1999 a Council must develop and adopt a Long Term Financial Plan for a period of at least 10 years. A Council may review its strategic management plans at any time, but must undertake a review of its Long Term financial plan as soon as practicable after adopting the Council's Annual Business Plan (ABP) for a particular financial year; and in any event, undertake a comprehensive review within 2 years after each general election of the Council.
2. **Previously Adopted LTFP** - the LTFP was previously adopted by Council in June 2022.
3. **Strategic Management Plans** - at the November 2021 Council meeting the proposal to review the LTFP and Asset Management Plans at the same time as constructing the Annual Business Plan and Budget was presented. This approach ensures that these key documents are aligned.
4. **Elected Member Budget/LTFP Information & Briefing Sessions** - the Manager Financial Services presented rating scenarios and talked through some key assumptions underpinning the draft long term financial plan.
5. **Council Endorsement of the Draft Long Term Financial Plan** - Council endorsed the Draft Long Term Financial Plan 2024-2033 for community consultation at the Council meeting on 23 May 2023.
6. **Special Audit and Risk Committee Meeting** - the Draft LTFP was presented at the special meeting on 5 June 2023. At the meeting the following resolution was carried:

That the Audit and Risk Committee feedback on Council's Draft Long Term Financial Plan 2024-2033 and/or the associated processes and risks, as follows:

- *That a note be applied to the Long Term Financial Plan and also to the Interim Asset Management Summary that the asset allocations are indexed in the Long Term Financial Plan but not in the Interim Asset Management Summary.*
- *Audit and Risk Committee notes that Council has raised questions with ESCOSA about the cost and value of the new ESCOSA process and concur with those questions.*
- *Notes that financial sustainability is the key focus of the draft LTFP.*
- *Once Asset Management Plans are completed, the Audit and Risk Committee recommends a more comprehensive review of the rating strategy.*
- *Note that Asset revaluations and condition assessments may impact the operating surplus ratio and investment in asset renewal expenditure.*

be incorporated with the public consultation feedback to be presented to the Special Council meeting to be held on 27 June 2023 for consideration of the adoption of the Draft Long Term Financial Plan 2024-2033.

PROPOSAL

1. **Purpose of the LTFP** - the LTFP is a road map that illustrates financially the needs and aspirations of our community which supports and is supported by such documents as the Asset Management Plan, Strategic Plan (Community Plan) and Futures Paper.
2. **Target Setting for Future Annual Business Plan and Budgets** - Council uses the LTFP to frame its Annual Business Plan and Budget by setting high-level parameters and targets that will assist Council in maintaining and improving the level of services of its existing assets whilst



also delivering strategic new major projects such as the Wulanda Recreation and Convention Centre.

3. **Key Objective** - the key objective of Council's LTFP is financial sustainability in the medium to long term, while still achieving the objectives detailed in Council's suite of strategic management plans.
4. **LTFP Baseline** - the LTFP has been updated to include Budget Review 3 for 2022/2023 and the budget for 2023/2024.
5. **Revised LTFP** - The draft Long Term Financial Plan has been updated to consider changes from 2022/23 onwards.

Operating Surplus Ratio				Net Financial Liabilities Ratio				
%	Average Ratio	Minimum Target	Number of Years Above Minimum	Average Ratio	Maximum Target	Peak Ratio	Peak Year	Number of Years Below Maximum
Adopted LTFP	1.6%	0.0%	6	90.3%	100.0%	135.1%	2022/23	6
Draft LTFP	2.1%	0.0%	7	61.5%	100.0%	117.3%	2023/24	8

6. Based upon the analysis summarised in the table above it can be seen that the Draft LTFP achieves (over the long term) the Key Financial Indicators (KFI) targets as included in the Treasury Management Policy (on average over the LTFP) and by the target date of FY 2027:
 - **Operating Surplus Ratio** - The average operating surplus ratio over the ten years is 2.1% (target of positive ratio by FY 2027) and is higher than the average included in the previously adopted LTFP.
 - **Net Financial Liabilities Ratio (NFL)** - The target of a ratio of lower than 100% by FY 2027 is achieved and on average the target of lower than 100% is achieved over the 10 years of the LTFP.
7. **Inflation Assumptions** - The draft Long Term Financial Plan 2024-2033 key assumptions are based upon the September 2022 Deloitte Access Economics forecast of 4.2%. More recent forecasts have been analysed and are in line with this figure.
8. **Key Assumptions** - The draft Long Term Financial Plan key assumptions are as follows:
 - **General Rate Revenue** - The general rate revenue increase including growth is 6.2% for 23/24, 24/25 and 25/26 where the required rate revenue increase has been 'smoothed' over three years to ensure that key ratios are achieved whilst minimising the impact on ratepayers, then reverting back to 4.5% in line with the previously adopted LTFP.
 - **Waste Service Charge** - The waste service charge revenue increase is the same as the General Rates increase.
 - **Other Operating Revenue** - Is expected to increase by forecast CPI (exception being statutory charges at 1.9% per State Government indexation).
 - **Employee Costs** - Broadly aligned with anticipated increases for initial years, and then CPI for subsequent years.
 - **Operating Expenditure** - Forecast CPI has been applied.
 - **Forward Capital Works Program** - Based on the Interim Asset Management Summary presented at this meeting. It should be noted that the forward works program is inflated each year by estimated CPI.
 - **Debt structure assumptions** - The mix of borrowings between fixed debt and flexible debt and the term of the loans used to fund Council's activities have been considered in the context of the Treasury Management Policy (T150) for this version of the LTFP.
 - **Wulanda** - Is based on the latest approved business case and grant deeds.



9. **Exclusions** - The following potential significant investment/items are excluded from this version of the LTFP:
- **Infrastructure Condition Audits and Valuation** - The condition audits and valuation for this significant asset category are due for completion in FY 2023 (as at 30 June 2023). At this stage Council does not have information to incorporate in this version of the LTFP. The result of these condition audits/valuation are expected to have an impact on both depreciation and the value of the capital forward works program. A comprehensive review will be undertaken in preparation for the FY 2023 financial statements with the results to be incorporated in the next version of the LTFP to be undertaken in December 2023.
 - **Buildings Condition Audits and Valuation** - The condition audits are scheduled across the next two financial years with the valuation for this asset category due for completion in FY 2024 (as at 1 July 2023). At this stage Council does not have information to incorporate in this version of the LTFP. The result of these condition audits/valuation are expected to have an impact on both depreciation and the value of the capital forward works program. A comprehensive review will be undertaken in preparation for the FY 2024 financial statements with the results to be incorporated in the next version of the LTFP to be undertaken in December 2023.
 - **Caroline Landfill Depreciation** - Further work will be undertaken aligned with the development of the draft masterplan. This is expected to further define the cost of future cell construction, capping and the post closure provision and unwinding of net present value
 - **Asset Management** - Further review to be undertaken in preparation for the development of the next iteration of the Asset Management Plan / LTFP in December 2023.
 - **PLEC** - Further investment in PLEC beyond Stage 1 (\$0.5m in FY 2023). Initial cost benefit analysis has been undertaken and was presented to Elected Members as part of the 2023/2024 budget workshops. A further presentation will be provided to Elected Members in the first quarter of FY 2024.
 - **LED Lighting** - Further investment in LED lighting beyond the recently delivered Stage 1 is excluded. A cost benefit analysis will be presented to Elected Members in the first quarter of FY 2024.
 - **Sport, Recreation & Open Space Strategy** - A masterplan is expected to commence in 2023/2024 with completion in 2024/2025 and has been included in the budget and LTFP. This will provide direction for the implementation of this strategy. It should be noted that the costs of projects to support the implementation of this strategy have not been included in this version of the LTFP.
10. **Local Government Reform** - The LTFP will become a primary document that will be reviewed by ESCOSA on a four year rotating schedule as part of a range of strategic planning documents with advice provided to the Council. This review is currently scheduled to be undertaken in 2024/2025.
11. **The draft LTFP (Attached)** - Is presented as a set of financial statements and includes the following statements for years FY 2022 to FY 2033;
- Statement of Comprehensive Income
 - Statement of Financial Position (Balance Sheet)
 - Statement of Changes in Equity
 - Statement of Cash Flow
 - Uniform Presentation of Finances



- Key Financial Indicators.

LEGAL IMPLICATIONS

Under Section 122 of the Local Government Act a Council must develop and adopt a Long Term Financial Plan for a period of at least 10 years.

Local Government Act 1999 - Section 122

Local Government (Financial Management) Regulations - 2011 - Regulations 5 & 7.

STRATEGIC PLAN

The LTFP as a strategic management document is informed by and informs the Strategic Plan and Futures paper. It is also aligned with the Asset Management Plans.

COUNCIL POLICY

[A900 Asset Management Policy](#)

[B300 Budget Framework Policy](#)

[T150 Treasury Management Policy](#)

ECONOMIC IMPLICATIONS

The LTFP models Council to be financially sustainable over the long term.

ENVIRONMENTAL IMPLICATIONS

As determined in the Strategic Plan.

SOCIAL IMPLICATIONS

As determined in the Strategic Plan.

CULTURAL IMPLICATIONS

As determined in the Strategic Plan.

RESOURCE IMPLICATIONS

Completed within staff resources.

VALUE FOR MONEY

The LTFP models Council to be financially sustainable over the long term.

RISK IMPLICATIONS

The LTFP models Council to be financially sustainable over the long term. The LTFP is updated annually and needs to have regard to relevant risk, opportunities and mitigation strategies.

A number of key risks have been identified in the development of the Annual Business Plan and Budget and the LTFP:

- **Indexation** - Escalation of expenditure and revenue in terms of CPI (with the exception of total rates revenue that has been increased by 4.2% p.a.). The forecast inflation rates have been applied as at 30 September 2022. Should rates be higher, expenditure will be reviewed to ensure that key financial indicator target ratios are maintained.
- **Interest Rates** - Interest rates have been forecast by applying future forecast rate changes to the LGFA interest rate for variable debt. Debt strategy has also been considered in the development of the LTFP in terms of fixed versus variable debt.

EQUALITIES AND DIVERSITY IMPLICATIONS

Nil



ENGAGEMENT AND COMMUNICATION STRATEGY

Decision to be made	Adopt Long Term Financial Plan
Key factors to be considered in decision (dot points)	<ul style="list-style-type: none"> • Annual Business Plan • Asset Management Plans • Community Plan • Local Government Act 1999
Area of community influence	<p>Aspects that are fixed:</p> <ul style="list-style-type: none"> - Legislative Factors <p>Key areas for community input:</p> <ul style="list-style-type: none"> - Community could make submissions on all sections of the Draft Long Term Financial Plan.
Method of consultation, informing community & cost	<p>Copies of the draft LTFP were available at:</p> <ul style="list-style-type: none"> - The City of Mount Gambier Library; - Civic Centre; - Council's Have Your Say platform. - <p>A facility was available for the community to ask questions and receive submissions on Council's website during the consultation period.</p>
Feedback to stakeholders/Council	A written response will be made to submissions once the Long Term Financial Plan 2024-2033 has been adopted by Council.
Timeframe for consultation	25 May - 15 June 2023.
Community input	<ul style="list-style-type: none"> • One submission from the Audit and Risk Committee.

IMPLEMENTATION STRATEGY

Targets from the LTFP will be communicated to Council staff to inform the 2024/2025 Annual Business Plan and Budget process.

CONCLUSION AND RECOMMENDATION

The Long Term Financial Plan is a high level strategic planning document which is a key aid to Council's budgeting and planning process. It will assist Council staff and Elected Members in planning for the delivery of facilities and services to meet the expectations of the community in a sustainable manner.

Council's Strategic Plan includes significant additional infrastructure and services, planning which includes consideration for the timing of revenue and expenditure, and the feasibility of each project. Proactive planning and modelling are vitally important to the ongoing financial sustainability of Council.

While Council uses the LTFP to inform its Annual Business Plan and budget, the plan is a roadmap and as such does not determine the rates or charges in each year.

ATTACHMENTS

1. 2024-2033 LTFP [↗](#)





Long Term Financial Plan 2024 - 2033



Long Term Financial Plan 2024-2033

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Appendix:

Assumptions

Financial Statements



The City of Mount Gambier recognises the Boandik people as the traditional owners and custodians of the land Mount Gambier sits upon today.

We respect their spiritual relationship with the land and recognise the deep feelings of attachment Aboriginal and Torres Strait Islander peoples have with this land.

The City of Mount Gambier is committed to working together with Aboriginal and Torres Strait Islander communities in the process of reconciliation.

Image: Belinda Bonney, Reconciliation of the Nation: we all walk together as one (detail).



Long Term Financial Plan 2024-2033

2. Overview

What Is This Document? - This is the Long Term Financial Plan (LTFP) for the City of Mount Gambier Council for the period 2024 - 2033. While the Long Term Plan covers 10 years ahead, we review it every year. This is because the opportunities and challenges facing our community and city, and the context we work in, are always evolving.

Purpose - The purpose of a Long Term Financial Plan (LTFP) is to guide the future direction of Council in a financially sustainable manner. The LTFP is designed as a 'high-level' summarised document focusing on the future planning of Council's financial operations, particularly in relation to key components such as rate increases, service levels to our community, asset replacement/renewal and loan indebtedness.

Legislation – Section 122 (1) of the Local Government Act 1999 ("the Act") requires that Councils must develop and adopt Strategic Management Plans including the LTFP which is a moving document updated on a rolling basis over a ten year term.

Hierarchy Of Documents - City of Mount Gambier Council's LTFP provides the forward strategic financial framework to resource the community's needs and aspirations. Through the alignment of this plan with the Strategic Plan, Futures Paper and the Asset Management Plan, Council is able to plan, manage and communicate its future objectives in a sustainable way for the long term.

Previous Versions - The Council's LTFP was adopted in March 2019 and subsequently reviewed and adopted in June 2020, February 2021, December 2021 and June 2022.

Roadmap - The LTFP is developed in the context of the Strategic Plan 2020-2024 and sets a road map to implement the community's priorities for the coming decade. As such the LTFP provides a target for future Annual Business Plans and Budgets. It also provides guidance in terms of direction and financial capacity, and does not determine the rates and charges for the future. If key assumptions such as growth, capital investment or interest rates change then this may drive changes in the annual budget.

Financial Position - Over the life of this Plan, Council has planned to achieve its financial targets by FY2027. Over the medium to long term, Council is expected to be financially sustainable in accordance with the information contained within this Plan.

Financial Sustainability - Financial sustainability in local government ensures that each generation pays their way rather than any one generation living off their assets and leaving the responsibility for infrastructure/asset renewal to future generations.

Development of This Version of the LTFP - This version of LTFP was developed in consultation with Council's Executive Leadership Team and Elected Members. A number of workshops were held to specifically review rating strategy and subsequently rating scenarios with Elected Members to develop the approach for this year's LTFP

Financial Statements - At a high level, the LTFP projects:

- **Statement of Comprehensive Income** - Details the profit and loss account (operating surplus (deficit) and capital transactions);
- **Statement Of Financial Position (Balance Sheet)** - This presents the financial position of Council at a given date. It comprises three main components: assets, liabilities and equity;



Long Term Financial Plan 2024-2033

- **Statement Of Cashflows** - This shows the amount of cash and cash equivalents entering and leaving the Council;
- **Uniform Presentation Of Finances** - The Net Lending/(Borrowing) for the Financial Year result is a measure that takes account of both operating and capital activities for the financial year; and
- **Statement of Changes in Equity** - This reflects the movement in equity reserves during the period, being the financial performance of the year plus any other comprehensive income gains.



Long Term Financial Plan 2024-2033

3. Significant Influences and Challenges

Overview - The LTFP is a long-term forecast and as such it is supported by many assumptions, for example: community aspirations, needs and wants, growth, inflation, service levels, federal and state government policy settings and interventions. Many of these factors inevitably are external to Council and as such outside of its control.

Hierarchy Of Documents - The Plan complements and is complemented by other important Council plans and strategies:

- Futures Paper;
- Strategic (Community) Plan 2020-2024;
- Asset Management Plan; and
- Annual Business Plan.

Wulanda Recreation & Convention Centre (WRCC) - The Wulanda Recreation and Convention Centre is a multi-purpose facility designed to be a community space, with facilities and activities for all ages and abilities. This facility provides substantial year round indoor facilities, addressing many community needs both now and for future generations to come. The Wulanda Recreation and Convention Centre has already shown that it is able to increase the ability for Mount Gambier to host major sporting competitions, conferences, events and performances providing significant social and economic benefits.

Local Government Reform - The LTFP will become a primary document that will be reviewed by ESCOSA on a four-year rotating schedule as part of a range of strategic planning documents with advice

provided to the Council. This Council's review is scheduled for 2024/2025.

Total Rate Revenue - Council's major source of income is rates, which accounts for 66% of operating revenue over the ten years and is an important part of the planned long-term strategy. It contributes towards the funding of Council's services to meet the expectations of the Community, by maintaining services, roads, waste management, footpaths, buildings, etc. and the Asset Management Plan (Asset Management Summary) (both the renewals and new/upgrade) and funding. An initial review has been undertaken of rating strategy to ensure that Council balances the requirement for rate increases to fund recurring cost increases with the need to keep rate increases across the ratepayer base at an acceptable level.

Inflation - This Long Term Financial Plan has incorporated the Consumer Price Index (CPI) based on Adelaide forecast CPI as predicted by Deloitte Access Economics. This assumption has been updated as at the end of September 2022. It should be noted that Council chose to continue to apply these assumptions further to updated forecasts in March 2023, as the changes were not deemed to be material.

Asset Management Summary - The Asset Management Summary has been updated and issued for public consultation at the same time as the Annual Business Plan and this document. This is aligned with the LTFP which allows Council to factor in the new and ongoing costs associated with renewals required to maintain our asset base at the required standard and investment in new assets (please note that the estimates



Long Term Financial Plan 2024-2033

in this document have been indexed, however, in the Asset Management Summary they have not).

Updated Assumptions - It should be noted the following assumptions have been updated:

- **Base Year** - The LTFP has been updated to include the Budget Review 3 position for FY 2023 and the Budget for FY 2024.
- **Interest Rates** - Interest rates have been updated to reflect actual interest/forecast rates for credit foncier loans and variable LGFA rates have been updated using Deloitte Access Economics as at 31 March 2023.
- **Indexation** - Forecast CPI assumptions have been updated based on Deloitte Access Economics (DAE) forecasts.
- **Capital Works Program** – This program, aligned with the Asset Management Summary, has been updated to reflect include indexation, changes to the plant renewal program to reflect latest practices, carry forwards identified as at Budget Review 3, and capital for new/upgrade expenditure following engagement with relevant Council staff and Elected Members.

Key Financial Indicators:

The following targets have been set in line with the adopted T150 Treasury Management Policy:

- **Operating Surplus Ratio %** - Positive surplus ratio by FY 2027.
- **Net Financial Liabilities Ratio %** - Net Financial Liabilities Ratio of lower than 100% to be achieved by FY 2027.

- **Asset Renewal Funding Ratio %** - 100% or greater throughout the duration of the LTFP.

If any of the targets are not achieved (i.e. if growth or CPI is lower than planned), this will mean that other assumptions will need to be changed to ensure that the targets set by the LTFP are achieved.

Risks - The LTFP is updated annually and needs to have regard to relevant risk, opportunities and mitigation strategies. During the development of this LTFP we have identified the following:

- **State Government** - Local Government reforms and funding/cost shifting.
- **Climate Change Impact** - The future impact on the way in which Council operates will need to be considered.
- **Indexation** - Escalation of expenditure and revenue.
- **Interest Rates** - Interest rates have been forecast based on data available on 31 March 2023 from Deloitte Access Economics and LGFA rates. Following RBA rate increases over the last year, interest rates for credit foncier (fixed loans) and variable loans (CADs) have increased. Council's debt structure has been reviewed to ensure alignment with Council's Treasury Management Policy, with an appropriate mix of loan terms and fixed and variable debt.
- **Service Levels** - Adjusting service levels may result in increased cost of renewal/upgrade, maintenance and depreciation for example new footpaths.
- **Grant Revenue** - Whilst grant revenue may fund additional capital works, additional maintenance/renewal expenditure will be incurred as a result.



Long Term Financial Plan 2024-2033

- **Procurement Market Conditions** - Current market conditions have either driven up costs, or less availability of contractors which will also impact on the capacity to deliver.
- **Wulanda** - Impact on the organisation to support activation and operations.

Opportunities - The following potential opportunities have also been identified:

- **Efficiencies** - Efficiencies will be investigated in operating expenditure to support capital works expenditure or through strategic procurement activities (where like activities are 'bundled up').
- **Timing** - A review of strategic priorities has been undertaken by the Executive Leadership Team further to consultation across the organisation. The organisation's capacity to deliver has been considered.
- **Commercial Partnerships / Grant Funding** - Seek greater contributions from others to fund current activities / additional projects.
- **Borrowings** - Have been assessed and the structure has been reviewed for this version of the LTFP. In line with our Treasury Management Policy the intent is to have an optimal structure that ensures that the net interest costs associated with borrowing and investing are reasonably likely to be minimised on average over the longer term. It should be noted that the debt structure has been presented and discussed with Elected Members and the Audit and Risk Committee.

- **Grant Revenue** - Attracting further grant revenue will improve ratios if used to fund works already in LTFP.

Exclusions - The following potential significant investment/items are excluded from this version of the LTFP:

- **Infrastructure Condition Audits and Valuation** - The condition audits and valuation for this significant asset category are due for completion in FY 2023 (as at 30 June 2023). At this stage Council does not have information to incorporate in this version of the LTFP. The result of these condition audits/valuation are expected to have an impact on both depreciation and the value of the capital forward works program. A comprehensive review will be undertaken in preparation for the FY 2023 financial statements with the results to be incorporated in the next version of the LTFP to be undertaken in December 2023.
- **Buildings Condition Audits and Valuation** - The condition audits are scheduled across the next two financial years with the valuation for this asset category due for completion in FY 2024 (as at 1 July 2023). At this stage Council does not have information to incorporate in this version of the LTFP. The result of these condition audits/valuation are expected to have an impact on both depreciation and the value of the capital forward works program. A comprehensive review will be undertaken in preparation for the FY 2024 financial statements with the results to be incorporated in the next version of the LTFP to be undertaken in December 2023.
- **Caroline Landfill Depreciation** - Further work will be undertaken aligned with the development of the draft masterplan. This is expected to further define the cost of future cell construction, capping and the post closure provision and unwinding of net present value.



Long Term Financial Plan 2024-2033

- **Asset Management** - Further review to be undertaken in preparation for the development of the next iteration of the Asset Management Plan / LTFP in December 2023.
- **PLEC** - Further investment in PLEC beyond Stage 1 (\$0.5m in FY 2023). Initial cost benefit analysis has been undertaken and was presented to Elected Members as part of the 2023/2024 budget workshops. A further presentation will be provided to Elected Members in the first quarter of FY 2024.
- **LED Lighting** - Further investment in LED lighting beyond the recently delivered Stage 1 is excluded. A cost benefit analysis will be presented to Elected Members in the first quarter of FY 2024.
- **Sport, Recreation & Open Space Strategy** - A masterplan is expected to commence in 2023/2024 with completion in 2024/2025 and has been included in the budget and LTFP. This will provide direction for the implementation of this strategy. It should be noted that the costs of projects to support the implementation of this strategy have not been included in this version of the LTFP.
- **LRCI Phase 4(b) Grant Funding** - Grant funding has not been included in the ABP and LTFP as projects have not been identified at this stage.



Long Term Financial Plan 2024-2033

4. Hierarchy Of Documents

Hierarchy of Documents - Brings together the key planning documents to ensure that the vision, goals and objectives set by the Futures Paper are implemented in the Long Term Financial Plan, Asset Management Plan, Strategic Plan, and Annual Business Plan.

The Long Term Financial Plan - Guides and is guided by other key strategic management documents as shown below:



- **Futures Paper** - The paper outlines strategies for action at the individual, organisation and community level that will enable the community to achieve their collective aspirations.

- **Long Term Financial Plan (10 Years)** - The Long Term Financial Plan shows the financial impact of the implementation of the Strategic Plan over the next 10 years and incorporates key assumptions from the Strategic Plan and Asset Management Plan. The LTFP will be reviewed by Council on an annual basis.
- **Asset Management Plan (Asset Management Summary) (10 Years)** - Identifies the required future expenditure on infrastructure and funding required to maintain service levels. It is aligned with the LTFP.
- **Strategic Plan (4 Years)** - Represents the vision, aspirations and priorities of our community now and into the future. The Strategic Plan is informed by the Futures Paper and identifies the outcomes Council seeks to achieve and the strategies Council will put in place to get there.
- **Annual Business Plan (1 Year)** - Each year, Council develops an Annual Business Plan guided by Council's strategic financial framework which sets strategic directions over the medium and long term and converts these into annual actions and outcomes. This shows the outcomes Council expects to achieve in the year, the services, the key measures of success and the budget required to deliver these outcomes.

Long Term Financial Plan 2024-2033

5. Strategic Plan - Our Roles and Goals

THE CITY DEVELOPMENT FRAMEWORK PROJECT

The City Development Framework Project involved the establishment of overall strategies for development, incorporating economic, social, environment and community opportunities and aspirations based on four interrelated themes:



1.

OUR PEOPLE

How do we ensure a highly skilled and educated population for the future challenges facing our community? A community reflecting good health, connectedness and wellbeing.



2.

OUR LOCATION

How do we take advantage of our location and expand our potential as a regional hub? Building on our regional centre for the provision of services, shopping, tourism, cultural, sporting and recreation.



3.

OUR DIVERSE ECONOMY

How do we build on and diversify our existing economy? We have existing high quality and skilled industry sectors including fabrication, manufacturing, forest products, agriculture, health and education. We also have emerging opportunities for digital technology and related industries.



4.

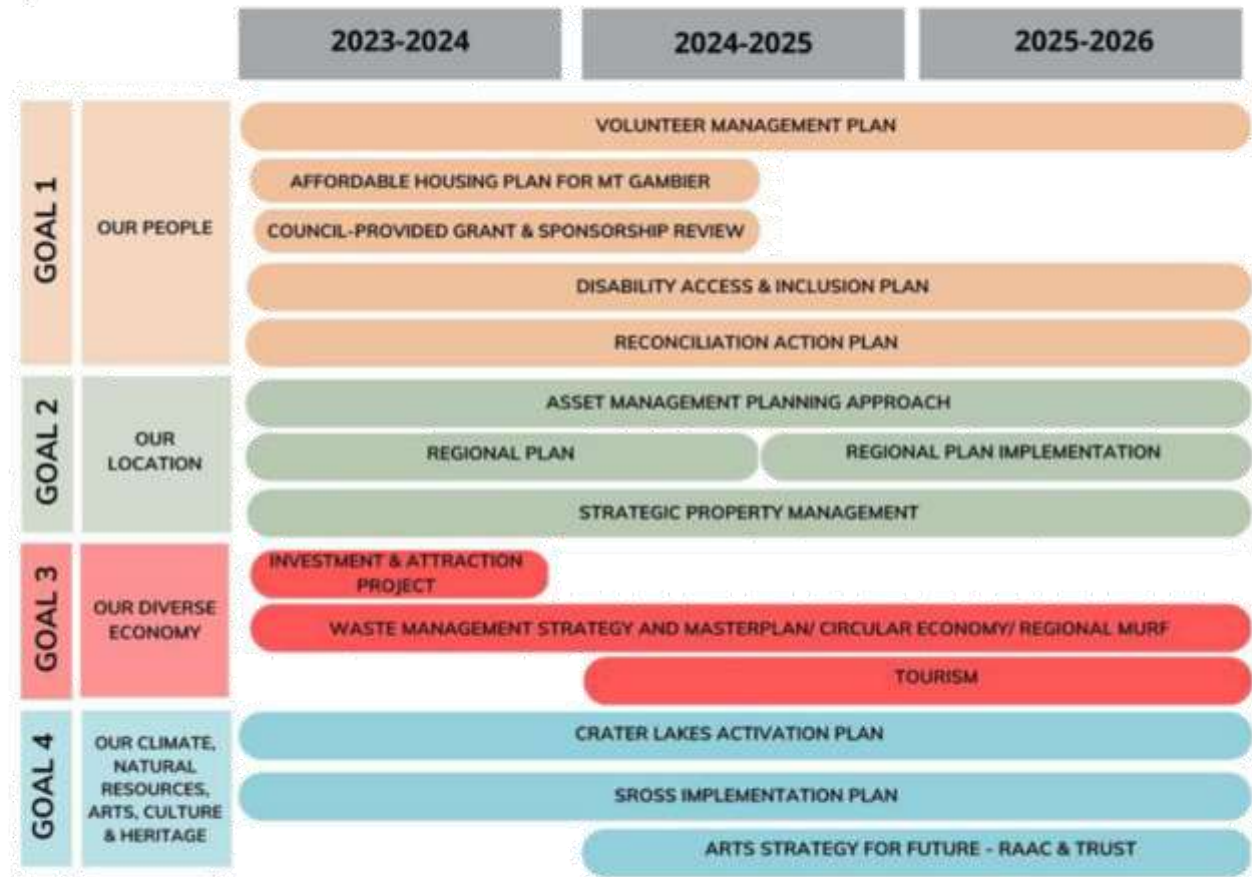
OUR CLIMATE, NATURAL RESOURCES AND HERITAGE

How do we promote and preserve our climate, natural resources and environment? We have a temperate climate, the Crater Lakes Volcanic Complex incorporating the world renowned Blue Lake, a unique natural environment and enviable natural resources. We also have a remarkable wealth of Indigenous and European heritage.

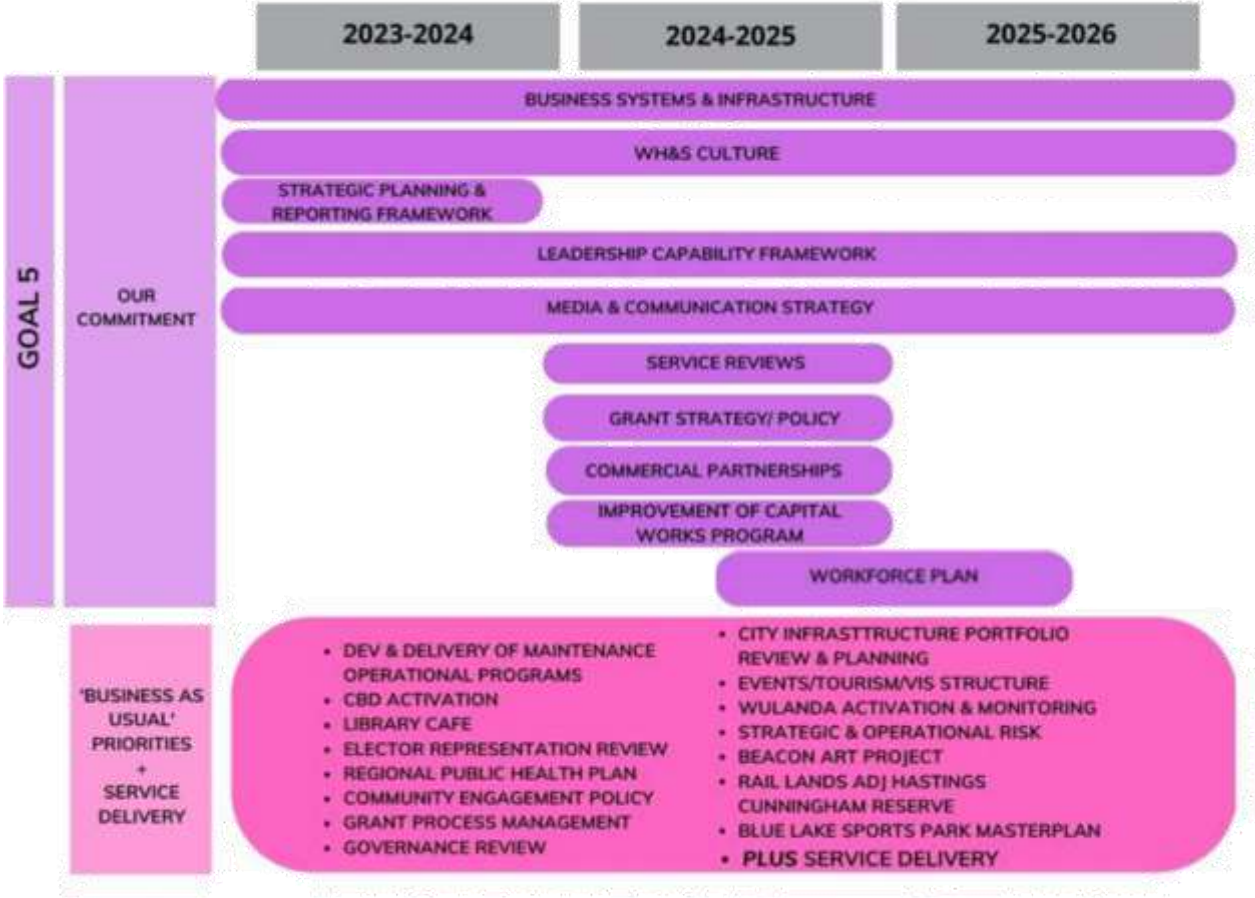
The following pages show the strategic work plan that has been developed to deliver the priorities over the next 3 years.



Long Term Financial Plan 2024-2033



Long Term Financial Plan 2024-2033



Long Term Financial Plan 2024-2033

6. CEO's Statement of Financial Sustainability

Key Objective - The key objective of preparing a comprehensive and informed LTFP is to enable Council to maintain financial sustainability in the medium to long term whilst achieving the objectives and standards detailed in Council's suite of strategic management plans.

Service Levels - This means Council will be able to manage and maintain current and predicted services and service levels, and infrastructure requirements to adequately provide for needs of the city.

Our LTFP:

- **Guide** - Serves as guiding tool for decision making.
- **ABP** - Informs Annual Business Plan and Budget (ABP) processes by taking a multi-year perspective on spending positions;
- **Financial Sustainability** - Determines organisational financial capacity and sustainability; and
- **Legislation** - Complies with statutory requirements (per the Local Government Act and the Essential Services Commission of South Australia – ESCOSA).

Funding:

To fund our major intergenerational project for the construction of the Wulanda Recreation and Convention Centre, the LTFP has applied debt as a means to achieve intergenerational equity. This ensures that the cost of construction of this project is shared across the current and future

ratepayers, consistent with those that will benefit from the use of this new facility.

Our Financial Sustainability:

Council has three Key Financial Indicators (KFIs) per Council's Treasury Management Policy that measure financial sustainability. It should be noted that all three KFIs achieve the targets set by Council's Treasury Management Policy (T150) as shown below:

- **Operating Surplus Ratio** - The ratio is positive over the 10 year period with an average ratio of 2.1%, achieving a positive ratio from FY 2027 onwards.
- **Net Financial Liabilities Ratio** - The average ratio over the 10 years is 61.5%, achieving a ratio of less than 100% in 2026.
- **Asset Renewal Ratio** - The Asset Renewal Ratio is 100% over the 10 years of the LTFP, aligned with the forward works program and Asset Management Plan.

These indicators are evaluated in more detail within this document and together, show that Council will achieve its financial sustainability in the medium to long term.



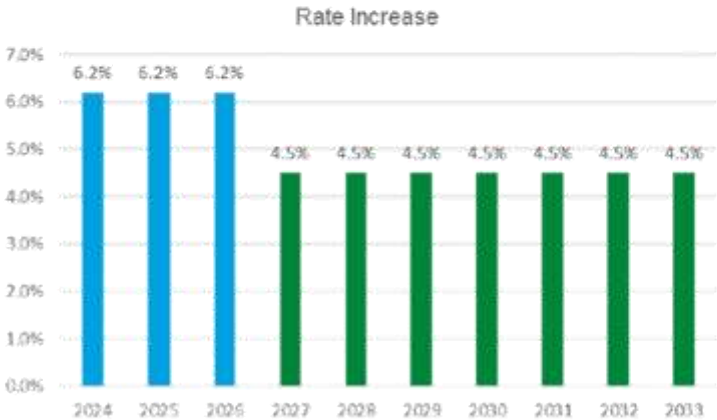
Long Term Financial Plan 2024-2033

7. Rate Setting

Council Approach - Due to prior and current economic conditions and relatively high inflation continuing beyond FY 2023, Council have taken a smoothing approach to rate increases (general rates and the waste service charge) for the next 3 years and also intends to manage its expenditure within the ten years of this plan to minimise the impact on ratepayers.

Smoothing - The overall rates increase required to mitigate prior year pressures (zero rate increase in FY 2021, a lower than CPI rate increase in FY 2023 and a high actual Adelaide CPI rate across the first three quarters of 2023) and ensure that Council achieves its operating surplus ratio target by FY 2027 is circa 9.75%. After smoothing the total average rate revenue increase for the first three years of the LTFP is 6.2% (to generate the same increase as 9.75% followed by 4.5% p.a.). This has the effect of reducing the rate revenue increase for year one (2023/2024). The rate revenue increase for the remaining years will continue to be calculated annually and at this stage the expected total rate increase from 2027 to 2033 (including growth) is aligned with previous LTFPs at 4.5%.

Impact on Individual Ratepayers - It should be noted that the average rate increase per annum is based on the total of all rateable properties. The impact on individual ratepayers may be different based on the change in valuation of their property relative to the overall valuation changes across the council area.



Long Term Financial Plan 2024-2033

8. Key Assumptions

OPERATING REVENUE:

- **General Rates** - Revenue has been indexed by 6.2% over the first three years of the LTFP (including growth) and 4.5% over the subsequent years of the LTFP.
- **Waste Service Charges** - Aligned with general rates revenue has been indexed by 6.2% (including growth) over the first three years of the LTFP and 4.5% over the subsequent years of the LTFP.
- **Council Operations User Charges** - CPI increases have been applied over the remaining 10 years aligned with the user pays principle for the majority of user charges.
- **Grant Funding (Recurrent)** - Such as the Financial Assistance Grant (FAG) and Roads to Recovery (RTR) and Local Roads and Community Infrastructure (LRCI) have been assumed to be received within the year they are paid.

In particular for Financial Assistance Grants it has been assumed that 50% of the following year's allocation will be paid in the current year and that the Special Local Roads Fund payment will continue.

It should be noted that as advised in June 2023 100% of the following year's allocation will be paid in late June 2023. No advice has to date been provided for the payments for FY 2024 and the future years and as such no adjustment has been made to the LTFP.

- **Grant Funding (One-off)** - Tied grant funding is applied in the same year that corresponding expenditure is planned. The LRCI Phase 4(a) initial grant payment of 50% has been included in FY 2024 with

40% in FY 2025 and 10% in FY 2026. It should be noted that at this the LRCI Phase 4(b) funding has not been included in the LTFP or ABP as nominated projects are not known at this stage.

OPERATING EXPENDITURE:

- **Materials, Contracts & Other Expenditure** - Has been indexed in line with forecast CPI increases over the period of the plan. Historically, LGPI (Local Government Price Index) has been applied as the relevant indicator of movement in local government costs (reflecting historically higher costs for the "basket of goods and services" procured by Council). However, as the LGPI is reported on an annual/historic basis, considering the current economic conditions it has been determined that CPI should be applied as the most reliable and relevant index.
- **Employee Costs** - Standard increases are aligned with anticipated increases for the initial years of the LTFP. Superannuation costs have been assumed to increase in line with legislation i.e. to reach 12% (+1%) by 2025/26.
- **FTEs** - The number of FTEs employed by Council over the life of the LTFP are assumed to be consistent with no forecast increase.
- **Finance Costs** - Have been modelled factoring in the projected debt Council will hold in each year of the plan, and the forecast interest rate to be charged by the Local Government Finance Authority. In this plan the interest rate used has been modelled based on actual rates provided by the LGFA for credit foncier loans and indicative rates for Convertible Cash Advance Debentures (flexible borrowings) forecasts provided by Deloitte Access Economics and historical data.



Long Term Financial Plan 2024-2033

CAPITAL EXPENDITURE

- **Asset Renewal** - Is provisioned to allow for Council to meet the renewal requirements as per the revised Asset Management Plan. Renewal, maintenance and depreciation of new and upgraded assets have been included in the plan to ensure these are funded. Indexation applied is in line with forecast CPI increases over the period of the plan (noting that the forecast in the Asset Management Summary is unindexed).
- **New Capital/Upgrade** - Has been included in the plan and are based on Council's Asset Management Plan. At this stage prior to the completion of the Caroline Landfill Masterplan the only significant investment for new capital will be for cell construction. Indexation applied is in line with forecast CPI increases over the period of the plan (noting that the forecast in the Asset Management Summary is unindexed).
- **Future Development** - It should be noted that the next iteration of the Asset Management Plan will be prepared for inclusion in the LTFP to be developed in the first half of FY 2024.

CAPITAL REVENUE

- **Grants** - At this stage no future grants have been incorporated in the LTFP.
- **Physical Resources Received Free of Charge** - Considering prior year performance an allocation of \$1m per annum has been included in this version of the LTFP.

STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

- **Assets** such as trade and other receivables, inventories and equity accounted investments have all been modelled based on historical averages, with no significant variances expected over the period of the plan.
- **Infrastructure, Property, Plant and Equipment** are modelled based on the cumulative effect of depreciation, capital expenditure, asset disposals and adjustments made to maintain valuations at fair value.
- **Liabilities** such as trade and other payables and provisions, have been modelled based on historical averages of Council, with no significant variances expected over the period of the plan.
- **Borrowings** provide an alternative source of funding to enable Council to achieve its objectives and in particular the funding of the Wulanda Recreation & Convention Centre. Borrowing requirements have been modelled based on the cumulative effect of operating deficits/surpluses, capital expenditure and revenue. The debt structure and allocation between fixed (credit foncier) and flexible (CADs) has been reviewed for this version of the LTFP as presented to Elected Members and the Audit and Risk Committee.



Long Term Financial Plan 2024-2033

9. Key Financial Ratios

OVERVIEW

Local Government Sector Performance - The following Key Financial Indicators are deemed by the Local Government Sector to be the best indicators for determining financial sustainability:

- Operating surplus / (deficit) ratio;
- Net financial liabilities ratio; and
- Asset renewal funding ratio.

Legislative Requirement - These indicators are also a requirement of Council's annual financial reporting in accordance with Local Government legislation and regulations.

Section 122 of the Local Government Act 1999 states that Councils should assess:

"...The sustainability of the Council's financial performance and position, and... The extent of levels of services that will be required to be provided by the council to achieve its objectives and to the extent to which any infrastructure will need to be maintained, replaced or developed by the Council..."

Treasury Management Policy - The following graphs and accompanying commentary are set against targets included in the adopted "Treasury Management Policy" as shown below:

"6.3 Key Financial Indicators (KFIs)

- Council ensures long term financial sustainability using key financial indicators in its LTFP. Council has the following targets:
 - **Operating Surplus Ratio** – To achieve a positive operating surplus ratio by FY 2027.
 - **Net Financial Liabilities Ratio** – Achieve a target of less than 100% of total operating revenue by FY 2027; and
 - **Asset Renewal Funding Ratio** - Maintain asset renewal funding ratio of greater than or equal to 100% of the Asset Management Plan."

Additional Ratio – The borrowing to income ratio has been incorporated in the LTFP as an additional measure of financial sustainability.



Long Term Financial Plan 2024-2033

OPERATING SURPLUS RATIO

What is the purpose of this ratio?

This financial indicator is useful in determining if current ratepayers are paying enough to cover products and services provided in each period.

How is this ratio calculated?

Operating surplus before capital revenues as a percentage of total operating revenue.

What is the target?

The target to be achieved by FY2027 is that Council will achieve a positive ratio.



Result:

Council expects to return to a surplus ratio in FY 2027, aligned with the target, delivering a positive ratio for 7 years of the LTFP. The average ratio over the life of the LTFP is 2.1%.

It should be noted that the surplus is required in future years for the repayment of debt.



Long Term Financial Plan 2024-2033

NET FINANCIAL LIABILITIES RATIO

What is the purpose of this ratio?

This financial indicator is useful in determining the level of indebtedness that Council has in comparison to its operating revenue.

How is this ratio calculated?

Net financial liabilities as a percentage of total operating revenue.

What is the target?

"Council will achieve a net financial liabilities ratio of less than 100% of total operating revenue by FY 2027".



Result:

Council achieves its target of less than 100% Net Financial Liabilities Ratio by FY 2026 (95.2%), with a ratio of below the target for 8 out of the 10 years, an average ratio of 61.5% and a peak ratio of 117.3% in FY 2024 over the forward 10 years, driven by the funding of the Wulanda Recreation and Convention Centre.



Long Term Financial Plan 2024-2033

ASSET RENEWAL FUNDING RATIO

What is the purpose of this ratio?

This financial indicator is useful in determining if Council is maintaining all of its assets.

This is best demonstrated by comparing total Capital Renewal expenditure planned against Strategic Asset Management Plan requirements.

How is this ratio calculated?

Capital expenditure on renewal or replacement of existing assets as a percentage of asset management plan allocations.

What is the target?

“Council will maintain an asset renewal funding ratio of greater than or equal to 100% of Asset Management Plan”.



Result:

Council will achieve over the period of the plan the required expenditure that is set out in the Asset Management Plan.

Renewal expenditure for the future 10 years is expected to be aligned with the Asset Management Plan i.e. a ratio of 100%.



Long Term Financial Plan 2024-2033

BORROWING TO INCOME RATIO

What is the purpose of this ratio?

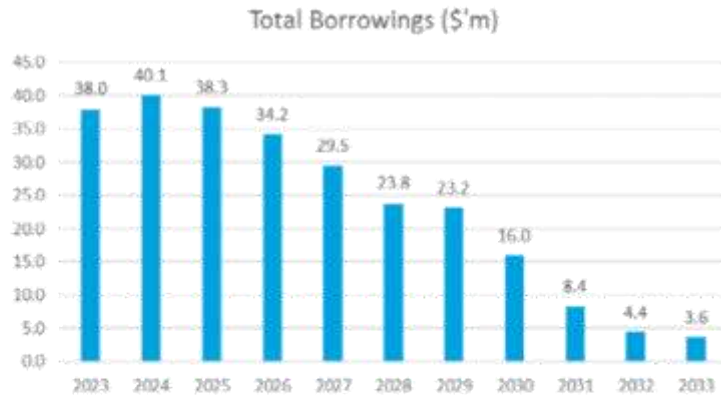
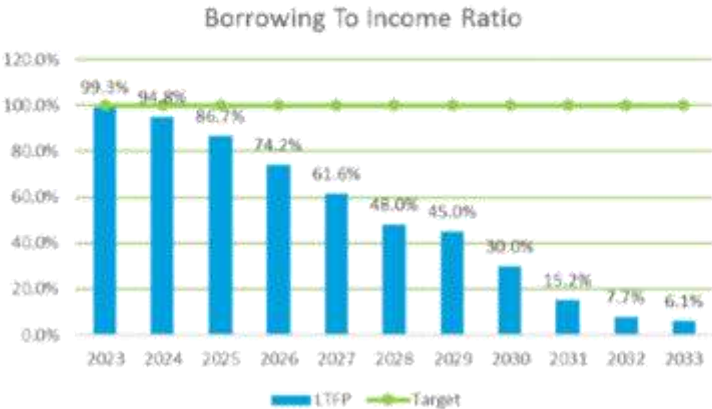
This is a way to measure Council's ability to make loan repayments comfortably without putting the organisation in financial hardship.

How is this ratio calculated?

Total borrowings including CAD divided by total operating revenue.

What is the target?

"Council will maintain a target of less than 100%".



Result:

As debt is repaid through rates revenue, it is important that we are mindful of how much we borrow and how quickly we can repay our debt. That is why we have a long term view of debt and have focused on Council's debt structure and significantly reducing debt from the peak of \$40.1m in FY 2024 to \$3.6m in FY 2033.

For all years of the LTFP the borrowing to income ratio is lower than the 100% target.

Debt structure assumptions i.e. the mix of borrowings between fixed debt and flexible debt and the term of the loans used to fund Council's activities have been considered in the context of the adopted Treasury Management Policy (T150).



Long Term Financial Plan 2024-2033

Assumptions

Key Assumptions	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
General Rates Revenue Increase	6.2%	6.2%	6.2%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Waste Service Charge Increase	6.2%	6.2%	6.2%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Consumer Price Index	4.2%	2.5%	2.5%	2.5%	2.5%	2.4%	2.3%	2.3%	2.4%	2.5%

- **Council Election costs** - FY2027 \$140k, and FY2031 \$150k.
- **ESCOSA Local Government Rates Oversight Scheme** - FY 2025 \$40k, FY 2029 \$40k, FY 2033 \$40k (unindexed).



Long Term Financial Plan 2024-2033

Financial Statements - Uniform Presentation of Finances

2022		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Actual	\$'000s	BRJ	ABP	LTFF	LTFF	LTFF	LTFF	LTFF	LTFF	LTFF	LTFF	LTFF
37,162	Income	38,256	42,280	44,160	46,126	47,826	49,605	51,443	53,325	55,284	57,335	59,489
35,161	Expenses	42,238	45,117	46,039	46,847	47,773	48,648	50,054	51,400	52,558	53,161	54,684
2,001	Operating surplus / (deficit)	(3,981)	(2,837)	(1,879)	(720)	52	957	1,389	1,925	2,726	4,174	4,805
Net outlays on existing assets												
5,623	Capital expenditure on renewal and replacement of existing assets	7,219	5,762	6,568	5,542	5,754	5,795	7,291	6,392	7,108	5,874	7,409
(8,479)	Depreciation, amortisation and impairment	(9,928)	(10,467)	(10,785)	(10,817)	(10,890)	(10,968)	(11,621)	(12,262)	(12,256)	(12,426)	(12,885)
(112)	Proceeds from sale of replaced assets	(159)	(277)	(329)	(247)	(294)	(299)	(432)	(377)	(514)	(147)	(255)
(2,968)	Net outlays on existing assets	(2,869)	(4,982)	(4,547)	(5,522)	(5,429)	(5,471)	(4,762)	(6,247)	(5,662)	(6,698)	(5,730)
Net outlays on new and upgraded assets												
35,134	Capital expenditure on new and upgraded assets (including investments property & real estate developments)	20,974	3,903	714	711	729	747	4,535	783	801	4,405	840
(20,443)	Amounts received specifically for new and upgraded assets	(5,644)	0	0	0	0	0	0	0	0	0	0
	Proceeds from sale of surplus assets (including investment property and real estate developments and non-current assets held for resale)											
14,691	Net outlays on new and upgraded assets	15,330	3,903	714	711	729	747	4,535	783	801	4,405	840
(9,722)	Net lending / (borrowing) for financial year	(16,443)	(1,759)	1,954	4,091	4,753	5,681	1,616	7,389	7,587	6,467	9,695



Long Term Financial Plan 2024-2033

Financial Statements - Statement of Comprehensive Income

2022 Actual	\$'000s	2023 BRs	2024 ABP	2025 LTFF	2026 LTFF	2027 LTFF	2028 LTFF	2029 LTFF	2030 LTFF	2031 LTFF	2032 LTFF	2033 LTFF
Income												
23,822	Rates	24,843	26,416	28,011	29,703	31,008	32,373	33,800	35,288	36,843	38,465	40,160
633	Statutory Charges	698	734	748	762	776	791	806	821	837	853	869
5,515	User Charges	6,373	9,193	9,486	9,743	10,014	10,266	10,515	10,755	11,001	11,262	11,544
6,615	Grants, Subsidies and Contributions	5,346	5,048	4,994	4,967	5,042	5,169	5,294	5,415	5,539	5,670	5,812
14	Investment Income	47	40	40	38	36	33	31	27	22	17	11
65	Reimbursements	65	538	562	587	614	629	645	659	674	690	708
498	Other Income	883	311	319	327	335	344	352	360	368	377	386
37,162	Total Income	38,256	42,280	44,160	46,126	47,826	49,605	51,443	53,325	55,284	57,335	59,489
Expenses												
13,090	Employee Costs	14,637	15,087	15,691	16,334	16,859	17,401	17,945	18,481	19,032	19,617	20,245
13,234	Materials, Contracts & Other Expenses	16,219	17,288	17,540	17,888	18,502	18,998	19,359	19,709	20,488	20,751	21,295
8,479	Depreciation, Amortisation & Impairment	9,928	10,467	10,785	10,817	10,890	10,968	11,621	12,262	12,256	12,426	12,885
358	Finance Costs	1,453	2,275	2,024	1,808	1,523	1,280	1,128	948	782	368	259
35,161	Total Expenses	42,238	45,117	46,039	46,847	47,773	48,648	50,054	51,400	52,558	53,161	54,684
2,001	Operating Surplus / (Deficit)	(3,981)	(2,837)	(1,879)	(720)	52	957	1,389	1,925	2,726	4,174	4,805
1,760	Physical Resources Received Free of Charge	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
17,940	Amounts Received Specifically for New or Upgraded Assets	6,045	0	0	0	0	0	0	0	0	0	0
(787)	Asset Disposal & Fair Value Adjustments	0	0	0	0	0	0	0	0	0	0	0
20,914	Net Surplus / (Deficit)	3,063	(1,837)	(879)	280	1,052	1,957	2,389	2,925	3,726	5,174	5,805
Other Comprehensive Income												
Amounts which will not be reclassified subsequently to operating result												
0	Changes in Revaluation Surplus - IPP&E	2,592	9,662	194	244	2,734	7,062	223	2,862	291	6,899	3,380
0	Impairment (Expense) / Recoupments Offset to Asset Revaluation Reserve	(932)	0	0	0	0	0	0	0	0	0	0
0	Total Other Comprehensive Income	1,660	9,662	194	244	2,734	7,062	223	2,862	291	6,899	3,380
20,914	Total Comprehensive Income	4,724	7,824	(685)	524	3,786	9,019	2,612	5,788	4,017	12,072	9,185

Long Term Financial Plan 2024-2033

Financial Statements - Statement of Financial Position (Balance Sheet)

2022 Actual	\$'000s	2023 BR3	2024 ABP	2025 LTFF	2026 LTFF	2027 LTFF	2028 LTFF	2029 LTFF	2030 LTFF	2031 LTFF	2032 LTFF	2033 LTFF
ASSETS												
Current Assets												
250	Cash & Cash Equivalents	499	553	509	505	501	496	495	493	492	1,900	10,649
2,974	Trade & Other Receivables	1,624	1,803	1,902	1,999	2,078	2,153	2,243	2,329	2,419	2,506	2,612
64	Inventories	59	61	62	64	65	67	69	70	72	73	75
3,288	Total Current Assets	2,183	2,416	2,473	2,568	2,644	2,716	2,806	2,892	2,982	4,480	13,336
Non-Current Assets												
301,171	Infrastructure, Property, Plant & Equipment	316,553	327,405	324,947	321,561	320,775	324,294	326,602	325,181	321,791	328,850	328,520
0	Other Non-Current Assets	0	0	0	0	0	0	0	0	0	0	0
301,171	Total Non-Current Assets	316,553	327,405	324,947	321,561	320,775	324,294	326,602	325,181	321,791	328,850	328,520
304,459	TOTAL ASSETS	318,736	329,821	327,420	324,129	323,419	327,009	329,408	328,073	324,774	333,329	341,856
LIABILITIES												
Current Liabilities												
9,331	Trade & Other Payables	4,419	5,162	5,080	5,137	5,238	5,311	5,565	5,436	5,564	5,797	5,697
1,222	Borrowings	2,930	1,269	1,337	1,417	1,484	1,555	1,629	8,744	1,330	753	0
2,784	Provisions	2,778	2,848	2,920	2,992	3,067	3,144	3,221	3,294	3,369	3,450	3,536
13,337	Total Current Liabilities	10,127	9,279	9,336	9,546	9,789	10,010	10,414	17,475	10,264	10,000	9,233
Non-Current Liabilities												
22,311	Borrowings	35,068	38,801	36,936	32,820	27,986	22,239	21,524	7,248	7,048	3,633	3,633
3,507	Provisions	3,513	3,890	3,981	4,073	4,168	4,265	4,362	4,455	4,550	4,712	4,821
25,818	Total Non-Current Liabilities	38,581	42,691	40,918	36,893	32,154	26,504	25,886	11,703	11,598	8,345	8,454
39,155	TOTAL LIABILITIES	48,708	51,970	50,254	46,439	41,943	36,514	36,301	29,178	21,862	18,345	17,687
265,304	Net Assets	270,027	277,852	277,166	277,690	281,476	290,495	293,107	298,895	302,912	314,984	324,169
EQUITY												
83,080	Accumulated Surplus	88,828	86,991	86,112	86,391	87,444	89,401	91,790	94,715	98,441	103,615	109,420
180,852	Asset Revaluation Reserves	179,827	189,489	189,683	189,927	192,661	199,722	199,945	202,807	203,099	209,998	213,377
1,372	Other Reserves	1,372	1,372	1,372	1,372	1,372	1,372	1,372	1,372	1,372	1,372	1,372
265,304	Total Equity	270,027	277,852	277,166	277,690	281,476	290,495	293,107	298,895	302,912	314,984	324,169

Long Term Financial Plan 2024-2033

Financial Statements - Cashflow Statement

2022 Actual	\$000s	2023 BR	2024 ABP	2025 LTFP	2026 LTFP	2027 LTFP	2028 LTFP	2029 LTFP	2030 LTFP	2031 LTFP	2032 LTFP	2033 LTFP
Cash Flows from Operating Activities												
Receipts:												
23,829	Rates Receipts	26,193	26,237	27,912	29,606	30,930	32,298	33,710	35,201	36,753	38,378	40,054
633	Statutory Charges	698	734	748	762	776	791	806	821	837	853	869
4,335	User Charges	6,373	9,193	9,486	9,743	10,014	10,266	10,515	10,755	11,001	11,262	11,544
6,615	Grants, Subsidies and Contributions (operating purpose)	5,346	5,048	4,994	4,967	5,042	5,169	5,294	5,415	5,539	5,670	5,812
14	Investment Receipts	47	40	40	38	36	33	31	27	22	17	11
65	Reimbursements	65	538	562	587	614	629	645	659	674	690	708
896	Other Revenue	883	311	319	327	335	344	352	360	368	377	386
Payments:												
(13,852)	Payments for Materials, Contracts & Other Expenses	(15,163)	(17,189)	(17,460)	(17,669)	(18,232)	(18,752)	(20,065)	(19,673)	(20,191)	(21,550)	(21,201)
(13,157)	Payments to Employees	(14,637)	(15,087)	(15,691)	(16,334)	(16,869)	(17,401)	(17,945)	(18,481)	(19,032)	(19,617)	(20,245)
(136)	Finance Payments	(1,453)	(2,275)	(2,024)	(1,808)	(1,523)	(1,280)	(1,128)	(948)	(782)	(368)	(259)
9,242	Net Cash provided (or used in) Operating Activities	8,353	7,550	8,887	10,219	11,133	12,096	12,215	14,137	15,189	15,713	17,678
Cash Flows from Investing Activities												
Receipts:												
20,443	Amounts Received Specifically for New/Upgraded Assets	5,644	0	0	0	0	0	0	0	0	0	0
112	Sale of Replaced Assets	159	277	329	247	294	299	432	377	514	147	255
Payments:												
(5,623)	Expenditure on Renewal/Replacement of Assets	(7,219)	(5,762)	(6,568)	(5,542)	(5,754)	(5,795)	(7,291)	(6,392)	(7,108)	(5,874)	(7,409)
(35,134)	Expenditure on New/Upgraded Assets	(20,974)	(3,903)	(714)	(711)	(729)	(747)	(4,535)	(783)	(801)	(4,405)	(840)
(20,202)	Net Cash provided (or used in) Investing Activities	(22,390)	(9,389)	(6,952)	(6,006)	(6,189)	(6,244)	(11,394)	(6,798)	(7,395)	(10,132)	(7,995)
Cash Flows from Financing Activities												
Receipts:												
9,581	Proceeds from Loans	15,565	5,002	0	0	0	0	914	0	1,130	0	0
Payments:												
(202)	Repayments of Loans	(1,100)	(2,930)	(1,797)	(4,036)	(4,767)	(5,677)	(1,555)	(7,161)	(8,744)	(3,991)	(753)
(62)	Repayment of Lease Liabilities	(179)	(181)	(181)	(181)	(181)	(181)	(181)	(181)	(181)	(181)	(181)
(62)	Repayment of Bonds and Deposits											
9,317	Net Cash Flow provided (used in) Financing Activities	14,286	1,892	(1,978)	(4,217)	(4,948)	(5,858)	(821)	(7,342)	(7,795)	(4,172)	(934)
(1,543)	Net Increase/(Decrease) in Cash & Cash Equivalents	249	53	(44)	(4)	(4)	(5)	(1)	(2)	(2)	1,408	8,749
1,893	plus: Cash & Cash Equivalents - beginning of year	250	499	553	509	505	501	496	495	493	492	1,900
250	Cash & Cash Equivalents - end of the year	499	553	509	505	501	496	495	493	492	1,900	10,649

Long Term Financial Plan 2024-2033

Financial Statements - Statement of Equity

2022 Actual	\$'000s	2023 BR3	2024 ABP	2025 LTFP	2026 LTFP	2027 LTFP	2028 LTFP	2029 LTFP	2030 LTFP	2031 LTFP	2032 LTFP	2033 LTFP
Accumulated Surplus												
66,406	Balance at the end of previous reporting period	83,080	88,828	86,991	86,112	86,391	87,444	89,401	91,790	94,715	98,441	103,615
20,914	Net result for the year	5,748	(1,837)	(879)	280	1,052	1,957	2,389	2,925	3,726	5,174	5,805
(4,240)	Transfers from other reserves/adjustments	0	0	0	0	0	0	0	0	0	0	0
83,080	Balance at the end of the period	88,828	86,991	86,112	86,391	87,444	89,401	91,790	94,715	98,441	103,615	109,420
Asset Revaluation Reserve												
175,462	Balance at the end of previous reporting period	180,852	179,827	189,489	189,683	189,927	192,661	199,722	199,945	202,807	203,099	209,998
5,390	Gain (Loss) on Revaluation of I, PP&E	(1,025)	9,662	194	244	2,734	7,062	223	2,862	291	6,899	3,380
180,852	Balance at the end of period	179,827	189,489	189,683	189,927	192,661	199,722	199,945	202,807	203,099	209,998	213,377
Other Reserves												
884	Balance at the end of previous reporting period	1,372	1,372	1,372	1,372	1,372	1,372	1,372	1,372	1,372	1,372	1,372
488	Transfers from Accumulated Surplus	0	0	0	0	0	0	0	0	0	0	0
1,372	Balance at the end of period	1,372	1,372	1,372	1,372	1,372	1,372	1,372	1,372	1,372	1,372	1,372
255,304	Total Equity at end of reporting period	270,027	277,852	277,166	277,690	281,476	290,495	293,107	298,895	302,912	314,984	324,169



Long Term Financial Plan 2024-2033

Glossary

Term	Definition
Asset Renewal Funding Ratio	Indicates whether the Council is renewing or replacing existing non-financial assets at the same rate as its assets are used or 'consumed'. The ratio is calculated by measuring capital expenditure on renewal and replacement of assets relative to the level of depreciation. Where a Council has soundly based Asset Management Plan, a more meaningful asset sustainability ratio would be calculated by measuring the actual level of capital expenditure on renewal and replacement of assets (or proposed in the budget) with the optimal level identified in the plan.
Financial Assets	Financial Assets include cash, investments, loans to community groups, receivables and prepayments, but excludes equity held in Council businesses, inventories and land held for resale.
Financial Sustainability	Financial Sustainability is where planned long-term service and infrastructure levels and standards are met without unplanned and disruptive increases in rates or cuts to services.
Asset Management Plan (AMPs)	An operational plan for Council's Landfill, Building and Structures, Infrastructure (Roads), Plant and Equipment and Library, IT & other physical assets with the objective of providing the required level of service, maintenance and renewal of such assets in the most cost effective and efficient manner.
Net Financial Liabilities Ratio (NFLR)	Is Net Financial Liabilities as a percentage of total operating revenue. The ratio allows interested parties to readily equate the outstanding level of the Council's accumulated financial obligations against the level of one-year's operating revenue. Where the ratio reduces over time, it generally indicates that the Council's capacity to meet its financial obligations is strengthening.
Net lending / (borrowing)	Net Lending / (Borrowing) equals Operating surplus / (deficit), less net outlays on non-financial assets. The Net lending / (borrowing) result is a measure of the Council's overall (i.e. Operating and Capital) budget. Achieving a zero result on the Net lending / (borrowing) measure in any one year essentially means that the Council has met its expenditure (both operating and capital) from the current year's revenues.
Non-financial or physical asset	Non-financial or physical assets refers to infrastructure, land, buildings, plant, equipment, furniture and fittings, library books and inventories.
Operating deficit	Where operating revenues are less than operating expenses (i.e. operating revenue is therefore not sufficient to cover all operating expenses).
Operating expenses	Operating expenses are operating expenses shown in the Income Statement, including depreciation, but excluding losses on disposal or revaluation of non-financial assets.



Long Term Financial Plan 2024-2033

Operating revenues	Operating revenues are incomes shown in the Income Statement but exclude profit on disposal of non-financial assets and amounts received specifically for new/upgraded assets (e.g. from a developer).
Operating surplus	Operating surplus is where operating revenues are greater than operating expenses (i.e. operating revenue is therefore sufficient to cover all operating expenses).
Operating Surplus Ratio (OSR)	Operating Surplus Ratio expresses the operating surplus (deficit) as a percentage of operating revenue.



4.4 ADOPTION OF INTERIM ASSET MANAGEMENT SUMMARY 2024-2033 – REPORT NO. AR23/40455

Committee:	Council
Meeting Date:	27 June 2023
Report No.:	AR23/40455
CM9 Reference:	AF22/378
Author:	Sally Wilson, Executive Administrator City Infrastructure
Authoriser:	Barbara Cernovskis, General Manager City Infrastructure
Summary:	This report presents the Interim Asset Management Summary 2024-2033 for adoption following a community consultation process. The Interim Asset Management Summary forms the basis for the Long Term Financial Plan and the Annual Business Plan and Budget process.
Strategic Plan Reference:	Goal 1: Our People Goal 2: Our Location Goal 3: Our Diverse Economy Goal 4: Our Climate, Natural Resources, Arts, Culture and Heritage Goal 5: Our Commitment

REPORT RECOMMENDATION

1. That Council Report No. AR23/40455 titled 'Adoption of Interim Asset Management Summary 2024-2033' as presented on 27 June 2023 be noted.
2. That Council notes no public submissions were received on the Draft Interim Asset Management Summary 2024-2033.
3. That Council notes the Audit and Risk Committee feedback as included in this report.
4. That Council authorises the Chief Executive Officer to make any necessary changes to the Interim Asset Management Summary 2024-2033 document arising from this meeting, together with any editorial amendments and finalisation of the document's formatting and graphic design that do not materially alter the integrity of the document.



TYPE OF REPORT

Corporate

BACKGROUND

Community Consultation

Council, at its meeting held on 23 May 2023, endorsed the Draft Interim Asset Management Summary 2024-2033 for community consultation.

A public community consultation process was undertaken during the period 25 May to 15 June 2023, in which nil public submissions were received on the Draft Interim Asset Management Summary from the community.

The Audit and Risk Committee provided the following feedback at their meeting held on 5 June 2023.

“That the Audit and Risk Committee feedback on Council’s Draft Interim Asset Management Summary 2024-2033 and/or the associated processes and risks, as follows:

- *Give consideration to useful lives and service levels as asset information is received.*
- *Audit and Risk Committee note the iterative process to improving Council’s Asset approach, and that the next round of planning will be informed more completely by valuations, condition data and useful lives, with a suite of asset classes with an overarching summary document.*
- *Note that the current market conditions are placing additional pressure on unit rates for asset maintenance and replacement.*
- *Note the asset data will help to inform the examination of use and purpose of Council’s buildings as part of the Strategic Property Management Review.*

be incorporated with the public consultation feedback to be presented to the Special Council meeting to be held on 27 June 2023 for consideration of the adoption of the Draft Interim Asset Management Summary 2024-2033.”

In addition, when reviewing the Draft Long Term Financial Plan the Audit and Risk Committee requested:

“That a note be applied to the Long Term Financial Plan and also to the Interim Asset Management Summary that the asset allocations are indexed in the Long Term Financial Plan but not in the Interim Asset Management Summary.”

A note has been included in the attached Interim Asset Management Plan to advise of this, below Appendix 1 - Summary Forward Capital Works Program.

Legislative Requirements

The requirement for Councils Asset Management Plans (AMPs) relate to the overall Strategic Management Plans of Council, as per Chapter 8 Part 1, Section 122 of the Local Government Act 1999:

*“A council must develop and adopt plans (which may take various forms) for the management of its area, to be called collectively the **strategic management plans**, which*

*(a) identify the council’s objectives for the area over a period of at least 4 years (the relevant period),
(....)*

(1a) A council must, in conjunction with the plans required under subsection (1), develop and adopt

- (a) a long-term financial plan for a period of at least 10 years; and*
- (b) an infrastructure and asset management plan, relating to the management and development of infrastructure and major assets by the council for a period of at least*



10 years, (and these plans will also be taken to form part of the council's strategic management plans).

(1b) The financial projections in a long-term financial plan adopted by a council must be consistent with those in the infrastructure and asset management plan adopted by the council.

PROPOSAL

Due to growth and strategic priorities, Council is progressing a restructure of the current asset classes and asset allocation. Whilst this work has commenced, to continue to undertake the depth of work required a thorough review of Asset Management Planning has been identified as a strategic priority for Council, and features in the strategic work plan to be delivered throughout the next 3 years.

The Asset Management Planning approach is a priority project that will determine what people are required, what systems are required and what process is required to establish the clear integration point for Asset Management and Asset Accounting. The purpose of this work is to implement industry best practices critical for Councils legislative compliance in terms of Strategic Infrastructure & Asset Management, Capital works program and service delivery.

The consolidated AMP budget included in the LTFP looks as per the following table:

Asset Management Plan - 2024-2033											
\$'000s		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Infrastructure	Renewal	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200
	Upgrade/new	374	374	374	374	374	374	374	374	374	374
Buildings	Renewal	700	700	700	700	700	700	700	700	700	700
	Upgrade/new	1,080	124	104	104	104	104	104	104	104	104
Plant	Renewal	1,742	2,223	1,092	1,160	1,066	2,264	1,343	1,825	667	1,785
	Upgrade/new	40	40	40	40	40	40	40	40	40	40
Caroline Landfill	Upgrade/new	2,200	0	0	0	0	3,333	0	0	2,960	0
IT	Renewal	30	193	193	193	193	193	193	193	193	193
	Upgrade/new	30	79	79	79	79	79	79	79	79	79
Sundry	Renewal	90	90	90	90	90	90	90	90	90	90
	Upgrade/new	179	80	80	80	80	80	80	80	80	80
TOTAL											
	Renewal	5,762	6,406	5,275	5,343	5,249	6,447	5,526	6,008	4,850	5,968
	Upgrade/new	3,903	697	677	677	677	4,010	677	677	3,637	677
	TOTAL	9,665	7,102	5,951	6,019	5,925	10,456	6,202	6,684	8,486	6,644

*Please note that the forecast numbers above are unindexed. Indexation is applied when the numbers are included in the Long Term Financial Plan.

The Interim Asset Management Summary attached to this report outlines Councils approach to revised asset classes and asset management plans that will be prepared in draft form by December 2023. This approach remains aligned with Councils integrated planning process undertaken at the same time of the annual business plan and budget and Long-Term Financial Plan.

During this review Councils existing Asset Management Plans will remain current.

LEGAL IMPLICATIONS

The preparation of asset management plans is a statutory requirement as per Chapter 8 Part 1, Section 122 of the *Local Government Act 1999*. Council has existing Asset Management Plans which will remain current, supplemented by the Interim Asset Management Summary.

STRATEGIC PLAN

The Interim Asset Management Summary is aligned with Councils Strategic Management Plans.

COUNCIL POLICY

The Interim Asset Management Summary will be reviewed in accordance with the following Council Policies:

[A900 Asset Management](#)



[Asset Accounting Policy](#)

ECONOMIC IMPLICATIONS

The Interim Asset Management Summary ensures that adequate provision is made for the long-term, sustainable management of Councils infrastructure and assets.

ENVIRONMENTAL IMPLICATIONS

Environmental consequence is considered in accordance with Councils Strategic Plans.

SOCIAL IMPLICATIONS

Social consequence is considered in accordance with Councils Strategic Plans that include the Disability Action and Inclusion Plan, Regional Health Plan and Reconciliation Action Plan.

CULTURAL IMPLICATIONS

Cultural consequence is considered in accordance with Councils Strategic Plans that include the Reconciliation Action Plan.

RESOURCE IMPLICATIONS

The Interim Asset Management Summary will be implemented within Councils capacity to deliver.

VALUE FOR MONEY

The Interim Asset Management Summary ensures adequate provision is made for the long-term, sustainable management of Councils infrastructure and assets.

RISK IMPLICATIONS

The Interim Asset Management Summary in conjunction with the Long Term Financial Plan focus on sustainable management of risk, both from a service level and a financial perspective.

EQUALITIES AND DIVERSITY IMPLICATIONS

N/A

ENGAGEMENT AND COMMUNICATION STRATEGY

Community consultation for the three strategic management documents (Interim Asset Management Summary, Long Term Financial Plan and Annual Business Plan and Budget) have been completed.

Decision to be made	Adopt the Interim Asset Management Summary.
Key factors to be considered in decision (dot points)	<ul style="list-style-type: none">• Annual Business Plan• Long Term Financial Plan• Community Plan• Local Government Act 1999
Area of community influence	Aspects that are fixed: <ul style="list-style-type: none">- Legislative Factors Key areas for community input: <ul style="list-style-type: none">- Community may make submissions on all sections of the Interim Asset Management Summary
Method of consultation, informing community and cost	Copies of the draft IAMS were available at: <ul style="list-style-type: none">- The City of Mount Gambier Library- Civic Centre- Council's Have Your Say platform



	A facility was available for the community to ask questions and receive submissions on Council's website during the consultation period.
Feedback to stakeholders/Council	A written response will be made to all submissions once the IAMS 2024-2033 has been adopted by Council.
Timeframe for consultation	25 May to 15 June 2023.
Community input	One submission from the Audit and Risk Committee.

IMPLEMENTATION STRATEGY

The Interim Asset Management Summary will be delivered in accordance with the Objectives and KPI's outlined in the 2023/2024 Annual Business Plan and Budget.

CONCLUSION AND RECOMMENDATION

The purpose of Council's Interim Asset Management Summary is to implement industry best practices to influence the allocation of resources for Council to provide services and infrastructure in a sustainable manner to the community.

It is recommended that Council endorse the Draft Interim Asset Management Summary 2024-2033 (as attached), noting that during this review Councils existing Asset Management Plans will remain current.

ATTACHMENTS


1. City of Mount Gambier Interim Asset Management Summary 2024-2033 [↓](#)





Interim Asset Management Summary 2024-2033

May 2023

Document Control					
Document ID: AR23/32552 City of Mount Gambier Infrastructure Asset Management Summary					
Rev No	Date	Revision Details	Author	Reviewer	Approver
1	March 2019	Creation of separate Asset Management Plan Summary	KR	NS	NS
2	February 2021	Updated in preparation for FY2022 budget process	CM	JZ	
3	May 2022	Updated in preparation for FY2023 budget process	MM	JS	BC
4	May 2023	Updated in preparation for FY2024 budget process	BC	JS	BC

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1. Summary

The City of Mount Gambier currently manages approximately \$300 million of assets on behalf of the community. Council recognises the importance that these assets be provided and maintained at a satisfactory level taking into consideration legislative and compliance obligations, community expectations and available resources.

Assets are categorised into asset classes. Each class contains complex data, including information about an asset's age, location, use, type, estimated useful life and residual values. Table 1 provides a summary of Council's asset categories as at 30 June 2022.

Table 1: Infrastructure, Property, Plant and Equipment Summary, as at 30 June 2022

Asset Class	Net Fair Value \$'000	Accumulated Depreciation \$'000	Carrying Amount \$'000	Annual Depreciation \$'000
LAND				
Fair Value level 2*	15,601	-	15,601	-
Fair Value level 3**	37,816	-	37,816	-
BUILDINGS & STRUCTURES				
Fair Value level 2*	4,020	2,131	1,889	113
Fair Value level 3***	103,373	50,605	52,768	2,782
CAROLINE LANDFILL				
Waste Management	10,231	8,086	2,145	842
INFRASTRUCTURE				
Stormwater drainage	8,149	2,471	5,678	117
Footpaths and Kerbing	77,571	20,981	56,590	1,206
Roads	73,028	22,029	50,999	1,932
Carparks	10,578	3,122	7,456	257
PLANT AND EQUIPMENT				
Plant & Equipment	9,385	3,304	6,081	788
Office Equipment	2,288	1,609	679	115
SUNDRY/OTHER				
Riddoch Collection	3,525	-	3,525	-
Other	4,408	2,497	1,911	139
TOTAL	359,973	116,835	243,138	8,291

NB – This table excludes work in progress and right of use assets.



***Fair value hierarchy level 2 valuations**

Certain land, and the buildings and structures thereon, are shown above as being based on fair value hierarchy level 2 valuation inputs. They are based on prices for similar assets in an active market, with directly or indirectly observable adjustments for specific advantages or disadvantages attaching to the particular asset.

****Fair value hierarchy level 3 valuations of land**

Valuations of Crown land, community land and land subject to other restrictions on use or disposal, shown above as being based on fair value hierarchy level 3 valuation inputs, are based on prices for similar assets in an active market, but include adjustments for specific advantages or disadvantages attaching to the particular asset that are not directly or indirectly observable in that market, or the number and / or amount of observable adjustments of which are so great that the valuation is more fairly described as being based on level 3 valuation inputs.

*****Fair value hierarchy level 3 valuations of buildings, infrastructure and other assets**

There is no known market for these assets and they are valued at depreciated current replacement cost.

This method involves:

- The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate.
- The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost depreciation method adopted by Council.

2. Key Asset Management Projects

2.1. Strategic Review of Asset Management

Due to growth and strategic priorities, Council is progressing a restructure of the current asset classes and asset allocation. Whilst this work has commenced, to continue to undertake the depth of work required a thorough review of Asset Management Planning has been identified as a strategic priority for Council, and features in the strategic work plan to be delivered throughout the next 3 years.

The Asset Management Planning approach is a priority project that will determine what people are required, what systems are required and what process is required to establish the clear integration point for Asset Management and Asset Accounting. The purpose of this work is to implement industry best practices critical for Councils legislative compliance in terms of Strategic Infrastructure & Asset Management, Capital works program and service delivery.

2.2. Footpath Construction Program

Council is reviewing its ongoing footpath construction program to improve accessibility to its community using alternative means of transportation to motor vehicle transport. To inform this work, Council have recently completed a CBD Disability Audit and the development of a Shared Path Masterplan is currently underway, due to be completed in the latter part of 2023.

The CBD Disability Audit and the Shared Path Masterplan will identify the future use, and guide development of the methodology, service level and maintenance of the shared path network throughout the City.

2.3. Buildings and Structures Strategic Analysis

Developing Council's categorisation and understanding of building and structure assets is a priority to enable better planning for annual budgeting, capital renewal and maintenance requirements. Condition audits for this asset class are scheduled across the next two financial years with the valuation for this asset category due for completion in FY 2024 (as at 1 July 2023).



2.4. Mobilising the Workforce

One of Council's priorities is to mobilise infrastructure staff to enable them to update and maintain asset data whilst on the job in real time.

Equipping infrastructure staff whilst in the field with appropriate technology / devices will allow identification and reporting of any asset-related issues in real time which will streamline maintenance schedules and procedures. It will also assist with more accurate costings, further strengthening the ability to allocate, track and forecast Council's resources.

3. Caroline Landfill

Caroline Landfill is a critical piece of infrastructure for the region, being the only engineered landfill in South Australia located south of Murray Bridge.

The ongoing issues with current market conditions and recent changes to EPA requirements for construction of fully engineered landfill cells has had a significant impact on the cost of construction. Current Cell designs lodged with the EPA have been approved. Whilst the tender process for construction has not been finalised at the time of preparing this summary, the financial implication has been revised in the Long Term Financial Plan (LTFP) financial modelling.

Due to growth, cost increases and a tightly regulated environment Waste Management master planning for Councils' Waste service, from kerbside to landfill, has commenced with the first draft due by December 2023. This masterplan will inform the next iteration of the Asset Management Plan/LTFP in December 2023.

4. New Projects

The Asset Management Plan includes a provision for new/upgrade projects over the next 10 years. This creates the capacity for future investment. Individual projects will be incorporated in each annual budget following a ranking process undertaken to ensure that Council invests in priorities that will deliver public value to the community.

The adopted and proposed forward works program has been restated to include Caroline construction as new/upgrade.

5. Asset Management Plan

This interim asset management summary outlines the volume of work underway to strategically review Council's approach to asset management. The revised asset classes and asset management plans will be prepared for inclusion in the LTFP to be developed in the first half of FY 2024.

Infrastructure Condition Audits and Valuation - The condition audits have recently been submitted and valuation for this asset category are due for completion in FY 2023 (as at 30 June 2023).

Buildings Condition Audits and Valuation - Condition audits are scheduled across the next two financial years with the valuation for this asset category due for completion in FY 2024 (as at 1 July 2023).

Plant and Equipment - A review has been undertaken to revise asset lives and to also align the asset management plan with lead times.

Library, IT and Sundry - Library books have been transferred to operating.



Council is continuing the process of reviewing asset classes and establishing clear service level standards to better inform the asset management plans. Parks and Gardens is one asset class that is yet to be introduced. Implementation of the Sport, Recreation and Open Space Strategy (SROSS) has been identified as a priority strategic project that will be key to defining the management of this asset class.

Refer to Appendix 1 for the Summary Forward Capital Works Program.

6. Asset Management Practices

6.1. Accounting / Financial Systems

- Local Government authorities in South Australia are established under the provisions of the Local Government Act, 1999.
- Financial and Accounting practices and procedures are required to be in accordance with the Local Government Act 1999, Local Government (Financial Management) Regulations and the Australian Accounting Standards.
- Council's asset accounting policy (as adopted in December 2022) ensures that all Council owned assets are valued and depreciated in accordance with relevant Australian Accounting Standards ("the Standards") pursuant to Local Government Act 1999 under section 303(4) organisation.
- Council's audit regime includes the required annual statutory audit required by legislation and also a periodic 'procedural' audit. This process is also completed on an annual basis.
- Council's accounting and financial systems utilise the Civica local government enterprise software solution entitled 'Authority'.
- The Authority software solution enables integration of all Council operations including the Finance and Asset Management functions.

6.2. Asset Management Systems

Council uses the Civica software AM program as its core asset management program. This program records all asset classes owned by Council together with all the relevant information on each asset. It allows assets to be linked to inspection and condition assessments as well as the historical information about the asset.

6.3. Information Flow Requirements and Processes

The key information that flows into the AM Plans are:

- The asset register data on size, age, value, remaining life of the network.
- The unit rates for categories of work/material.
- The adopted service levels.
- Projections of various factors affecting future demand for services.
- Correlations between maintenance and renewal, including decay models.
- Data on new assets acquired by Council.

The key information that flows from the AM Plans are:

- The assumed Works Program and trends.
- The resulting budget, valuation and depreciation projections.
- The useful life analysis.
- Funding gap/excess considerations.
- Improvements for AM planning.

These will impact on the LTFP, Community Plan, Annual Business Plan and Budget.



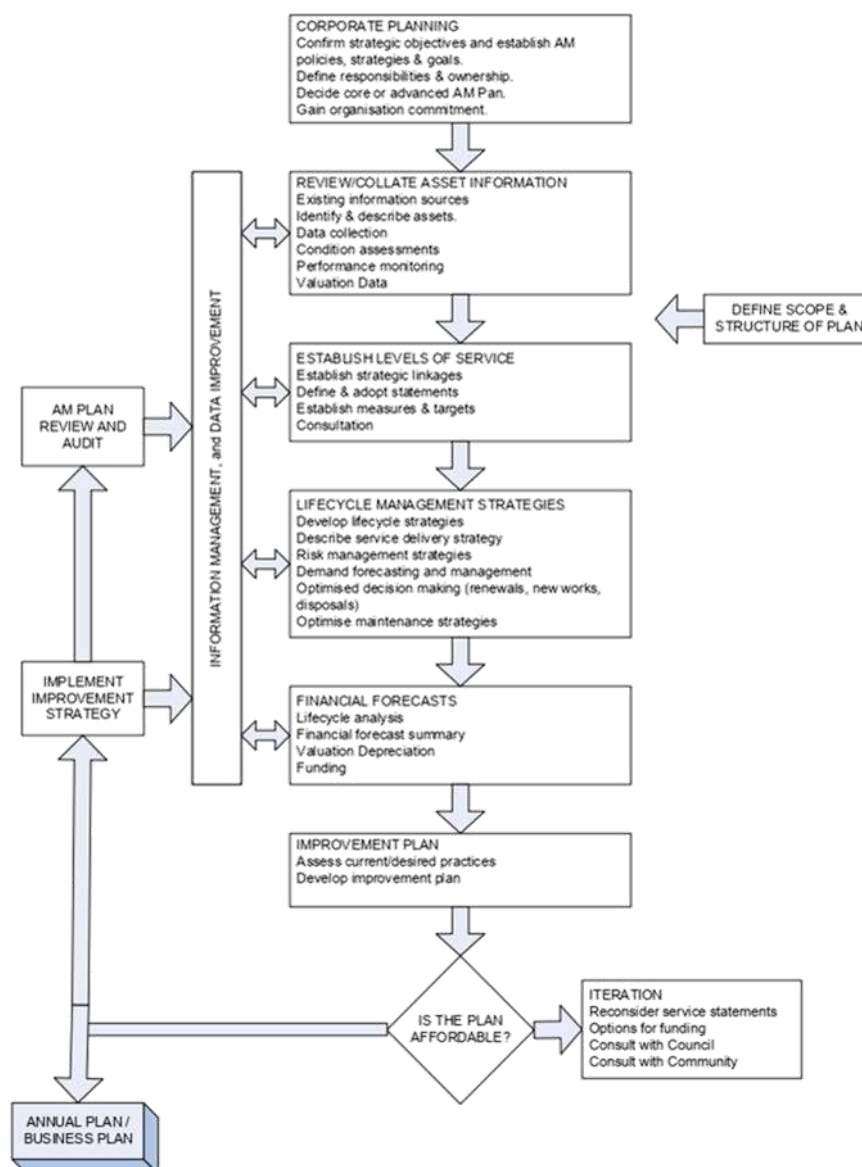
Key elements of the Plan are:

- Levels of service – specifies the services and levels of service to be provided by Council.
- Future demand – how this will impact on future service delivery and how this is to be met.
- Life cycle management – how Council will manage its existing and future assets to provide the required services.
- Financial summary – what funds are required to provide the required services.
- Asset management practices.
- Monitoring – how the Plan will be monitored to ensure it is meeting Council's objectives.
- Asset management improvement plan.

A road map for preparing an Infrastructure and Asset Management Plan is shown below.

Road Map for preparing an Infrastructure and Asset Management Plan

Source: IIMM Fig 1.5.1, p 1.11



7. Plan Improvement and Monitoring

7.1. Performance Measures

The effectiveness of the Infrastructure and Asset Management Plan can be measured in the following ways:

- The degree to which the required cashflows identified in this Interim Asset Management Summary are incorporated into Council's Strategic Plan, LTFP, and Annual Business Plan & Budget.
- The degree to which 1-20 year detailed works programs, budgets, business plans and organisational structures take into account the 'global' works program trends provided by the Asset Management Plans.

7.2. Improvement Plan

Improvements identified for each individual asset class are detailed in their relevant Asset Management plan. General improvements identified across all categories include:

- Development of a single corporate Asset Register.
- Defining levels of service.
- Standard categorisation of assets for improved reporting.

7.3. Monitoring and Review Procedures

This Interim Asset Management Summary outlines Councils approach to revised asset classes and asset management plans that will be prepared in draft form by December 2023. This approach remains aligned with Councils integrated planning process undertaken at the same time of the annual business plan and budget and Long-Term Financial Plan. During this review Councils existing AMPs will remain current.

Under the Local Government Act 1999, the Plan has a life of 4 years and is due for revision and updating within 2 years of each Council election.

REFERENCES

The City of Mount Gambier Futures Paper

City of Mount Gambier Strategic Plan 2020-2024

City of Mount Gambier Annual Business Plan and Budget

DVC, 2006, 'Asset Investment Guidelines', 'Glossary', Department for Victorian Communities, Local Government Victoria, Melbourne

IPWEA, 2006, 'International Infrastructure Management Manual', Institute of Public Works Engineering Australia, Sydney, www.ipwea.org.au



Appendix 1 – Summary Forward Capital Works Program

Asset Management Plan - 2024-2033											
\$'000s		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Infrastructure	Renewal	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200
	Upgrade/new	374	374	374	374	374	374	374	374	374	374
Buildings	Renewal	700	700	700	700	700	700	700	700	700	700
	Upgrade/new	1,080	124	104	104	104	104	104	104	104	104
Plant	Renewal	1,742	2,223	1,092	1,160	1,066	2,264	1,343	1,825	667	1,785
	Upgrade/new	40	40	40	40	40	40	40	40	40	40
Caroline Landfill	Upgrade/new	2,200	0	0	0	0	3,333	0	0	2,960	0
IT	Renewal	30	193	193	193	193	193	193	193	193	193
	Upgrade/new	30	79	79	79	79	79	79	79	79	79
Sundry	Renewal	90	90	90	90	90	90	90	90	90	90
	Upgrade/new	179	80	80	80	80	80	80	80	80	80
TOTAL											
	Renewal	5,762	6,406	5,275	5,343	5,249	6,447	5,526	6,008	4,850	5,968
	Upgrade/new	3,903	697	677	677	677	4,010	677	677	3,637	677
	TOTAL	9,665	7,102	5,951	6,019	5,925	10,456	6,202	6,684	8,486	6,644

*Please note that the forecast numbers above are unindexed. Indexation is applied when the numbers are included in the Long Term Financial Plan.



5 MEETING CLOSE

